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ABSTRACT

A subcommittee of the U.S. Civil Rights Commission heard testimony on social changes in progress and the future of civil rights, in the second in a series of forums. The purpose of the forum was to gather information about equal opportunities for minorities in education and economic development. Representatives from the Federal Government, public schools, the media, corporations, research groups, and non-profit organizations participated. Many participants pointed to the critical role education will play in preparing the next generation of Americans, especially the poor who are disproportionately minorities, to take full advantage of the opportunities in a changing society. Some participants indicated that an emphasis on education will be particularly important in view of the high dropout rates and the declining college participation rates of Blacks and Hispanics. Participants also discussed changes that have occurred in race relations over the past two decades, the importance of economic development for creating opportunities for minorities, and corporate and non-profit initiatives that may help to create opportunities for minorities. The publication offers a summary of the 2-day forum and a transcript of the five panel discussions. (JB)

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CHANGING PERSPECTIVES ON CIVIL RIGHTS

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United States Commission on Civil Rights
Forum Held in Nashville, Tennessee
December 8–9, 1988

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The U.S. Commission on Civil Rights is an independent, bipartisan agency first established by Congress in 1957 and reestablished in 1983. It is directed to:

- Investigate complaints alleging that citizens are being deprived of their right to vote by reason of their race, color, religion, sex, age, handicap, or national origin, or by reason of fraudulent practices;
- Study and collect information concerning legal developments constituting discrimination or a denial of equal protection of the laws under the Constitution because of race, color, religion, sex, age, handicap, or national origin, or in the administration of justice;
- Appraise Federal laws and policies with respect to discrimination or denial of equal protection of the laws because of race, color, religion, sex, age, handicap, or national origin, or in the administration of justice;
- Serve as a national clearinghouse for information in respect to discrimination or denial of equal protection of the laws because of race, color, religion, sex, age, handicap, or national origin;
- Submit reports, findings, and recommendations to the President and Congress.

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CHANGING PERSPECTIVES ON CIVIL RIGHTS

United States Commission on Civil Rights
Forum Held in Nashville, Tennessee
December 8–9, 1988

PREFACE

Since its inception, the U.S. Commission on Civil Rights has sought to be the Nation's conscience on issues related to intergroup relations and equal opportunity. In this role, the Commission has taken the lead in advocating Federal policies that protect the civil rights of all Americans.

In 1983 the Commission was reconstituted, and a new and larger board of Commissioners was appointed. Over the past few years, the Commissioners have been debating how the Commission should approach civil rights issues in the future, considering among other things the demographic changes in the United States. Some of the questions of interest to the Commissioners include: Where will the focus of civil rights be in the future? Will the issues be the same as in the past? Will demographic changes in society bring new issues to the forefront or prompt a redirection in civil rights policy?

To assess the range of opinions about the future of civil rights in this country, the Commissioners established a subcommittee to investigate how society may be changing and the implications of the changes for equal opportunity for all Americans. The subcommittee, whose members are Commissioners Murray Friedman, Robert Destro, Esther Buckley, and Francis Guess,* planned a series of forums to hear the perspectives of government officials and the public on how changing demographics may affect civil rights issues and policies and the role of government, corporations, and nonprofit organizations in promoting equal opportunity.

At the first forum, held in Los Angeles on September 8-9, 1988, participants addressed the question of how the changing demographic composition of the American population is likely to affect the civil rights issues of the future. The second forum, held in Nashville on December 8-9, 1988, focused on equal opportunity in education and employment. This publication is comprised of a summary of the discussion at the Nashville forum and a transcript of the forum.

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* Commissioner Guess was initially a member of the subcommittee but subsequently resigned when the subcommittee held a telephone conference notifying him.

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Summary

On December 8–9, 1988, the U.S. Commission on Civil Rights held the second of a series of forums on "Changing Perspectives on Civil Rights." The purpose of the forum, which was held in Nashville, Tennessee, was to gather information about equal opportunity for minorities in education and economic development. Representatives from the Federal Government, public schools, the media, corporations, research groups, and nonprofit organizations participated in the forum.

Many participants pointed to the critical role education will play in preparing the next generation of Americans—especially the poor, who are disproportionately minorities—to take full advantage of the opportunities in a changing society. Some participants indicated that an emphasis on education will be particularly important in view of the high dropout rates and the declining college participation rates of blacks and Hispanics. The participants also discussed changes that have occurred in race relations over the past couple of decades, the importance of economic development for creating opportunities for minorities, and corporate and nonprofit initiatives that may help to create opportunities for minorities.

The following pages summarize the views and opinions expressed by participants at the Nashville forum. The report is divided into five sections corresponding with the panels convened during the forum. The report highlights the major points raised by the participants of each panel. The summary attempts to report the views of participants faithfully and does not necessarily reflect the views of the Commission or the subcommittee.

Reflections of the News Media

This section summarizes the perspectives of several members of the media[1] on the evolution and current status of civil rights and news coverage of minority communities.

One newsman commented that civil rights and race relations had improved considerably over the past quarter-century.[2] In the early 1960s, blacks and whites lived segregated lives, many in communities with Jim Crow laws; the public work force in many cities was mostly white; most clerks and managers in downtown businesses were white; and politics were racially polarized and controlled by whites.[3] During the 1960s, racial tensions escalated in the South and elsewhere, as civil rights activists held nonviolent demonstrations to protest racial segregation and discrimination in America.[4] As a result of this activism, racial confrontations occurred daily and dominated newspaper and television coverage.[5] Some media organizations were sympathetic to the cause of the civil rights activists, while others backed segregationists.[6] Since the 1960s, legal segregation has been abolished, social integration has taken place, and minorities and women have been given job opportunities that they were once denied.[7] Racial attitudes and race relations are not as polarized and confrontational as they were in the past.[8] Both reflecting and reinforcing the public mood, there is a tendency for the media to treat social issues "not as civil rights matters but as economic matters, questions of education . . . ."[9]

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[1] Members of this panel included Renee Hampton, *Nashville Banner*; Fred Graham, WKRN-TV, Nashville; Estella Herrera, *La Opinión*, Los Angeles; and Bill Snider, *Education Week*, Washington, D.C.

[2] Fred Graham, *Changing Perspectives on Civil Rights*, forum held by the U.S. Commission on Civil Rights in Nashville, Tenn., Dec. 8–10, 1988 (cited hereafter as USCCR Forum).

The media have played a significant role in the changes that have occurred since the 1960s. Often, however, the media are still criticized for not covering racial groups fairly. This criticism is associated with a perception among some minorities that the media only report on negative aspects of their communities.[10] Over the years there have been changes in the media that reflect improved race relations in society. The media's coverage of incidents involving racial groups has become more objective, and media professionals are showing more sensitivity to racial issues in their work.[11] However, many feel that the media could do more to alleviate negative perceptions of minorities. One reporter stressed that minorities need to have input into news coverage. She argued that increasing minority representation on both the reporting and the editorial staffs of the news media is essential for shaping a balanced news coverage that is sensitive to the needs of all racial and ethnic groups.[12] Many media organizations are taking steps to increase minority representation on their staffs by actively recruiting minority writers and editors and by developing minority internship programs to encourage minority students to pursue journalism careers.[13] Nevertheless, minorities make up an extremely small proportion of the employees in the media.[14]

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[3] Ibid.

[4] Ibid.

[5] Ibid.

[6] Ibid.

[7] Ibid.

[8] Ibid.

[9] Ibid.

[10] Renee Hampton, USCCR Forum.

[11] Ibid.

One issue that concerns the media is the limited educational achievement of most minorities. One media representative pointed to the disproportionately high dropout rates for minorities, especially Hispanics.[15] Problems facing Hispanic students include low funding for education, segregation of students (both within schools and within classrooms), a scarcity of Hispanic teachers, and the curtailment of bilingual education programs.[16]

Efforts to improve the education of minority students are hindered because many minorities attend schools in poor urban school systems.[17] Because these school systems are predominantly minority, the potential for school desegregation is limited. To solve these problems, some advocate metropolitanwide school desegregation.[18] Others advocate abandoning desegregation as a goal and instead directing efforts towards improving the quality of minority education through choice plans, including creating magnet programs at predominantly minority schools, or through increasing the resources given to minority schools.[19]

To attack the problems facing minority students, society will have to incur considerable costs.[20] One reporter suggested that a substantial Federal and State commitment to funding public education is necessary to prepare many minorities for future opportunities in America.[21]

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[12] Ibid.

[13] Ibid.

[14] Ibid.

[15] Estella Herrera, USCCR Forum.

[16] Ibid.

[17] Bill Snider, USCCR Forum.

[18] Ibid.

[19] Ibid.

[20] Ibid.

[21] Estella Herrera, USCCR Forum.

Breaking the Barriers: Education and Skills Development

As evident from the media's concern with education, educational opportunity will be important for the next generation of Americans seeking to take advantage of new opportunities developing in society. The following discussion highlights the discussion of participants in a panel[22] that focused on education.

Since the Supreme Court's *Brown* v. *Board of Education* decision in 1954,[23] desegregation of public schools has been viewed as a means of achieving equal educational opportunity for all Americans. Many school districts have used student reassignment—often administered through busing—to desegregate their schools. In cases where student reassignment has been relatively successful, debate centers on whether external monitoring by the Department of Education (DOE) or Federal courts is still necessary or should be discontinued.[24] In cases where student reassignment has failed to desegregate schools, the failure often has stemmed from parental concern about the quality of education received by their children or from parental opposition to busing.[25] These concerns often lead parents to enroll their children in private schools or move to neighborhoods where their children can attend suburban schools.[26] As a result of this "flight," some school districts are faced with schools whose student populations are as homogeneous as they were before student reassignment efforts began.[27]

The failure in many cases of busing to achieve meaningful integration and improved minority education has increased support for methods of achieving school integration that do not rely on race-conscious student assignments.[28] For example, some parents have shown a willingness to compete for the limited number of slots available at integrated and high-quality magnet schools.[29] Considering the success of magnet schools, it was suggested that other schools might use the programs provided at magnet schools as models.[30] The U.S. Department of Education has identified three factors that may help schools provide quality education for minorities: a challenging curriculum, parental and community involvement, and teachers and administrators committed to firm discipline and character education.[31]

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[22] Participants on this panel were Diane Weinstein, U.S. Department of Education; Melvin Smoak, Orangeburg School District Five, South Carolina; William Green, Ivy Leaf School, Philadelphia; and Sally Kilgore, Emory University.

[23] Brown v. Board of Education, 347 U.S. 483 (1954).

[24] Diane Weinstein, USCCR Forum.

[25] Ibid.

[26] Ibid.

[27] Ibid.

[28] Ibid.

[29] Ibid.

In South Carolina's Orangeburg School District Five, which has a predominantly minority student population, the quality of education has been improved by adopting a number of measures similar to those suggested by DOE. The school district has redesigned the "teaching component" to promote a more productive working and learning environment, enhanced the leadership and management skills of principals to promote effective on-site management, and increased activities in its preschool readiness program to promote higher achievement by at-risk students.[32] The district staff has also established goals for the schools that exceed those of the State, and allows principals, teachers, and parents flexibility in taking educational initiatives and discretion in using resources to meet their goals.[33] School administrators are required to participate in workshops and seminars designed to improve their management skills and productivity.[34] A steering committee has been organized to seek ways to involve teachers in the middle management aspect of teaching.[35] In addition, computer technology is being used to increase teaching efficiency and efficacy by helping remedial and compensatory students, by reducing paperwork and nonteaching tasks for teachers, and by performing administrative tasks such as student scheduling, attendance, grade reporting, and discipline.[36]

In the face of a long history of educational deprivation for black Americans, black educators and others have a long tradition of fighting to improve black education.[37] One example of an institution that has had some success in educating minority children is a private institution in Philadelphia, known as the Ivy Leaf School. Many Ivy Leaf students score well on standardized tests and continue to perform well after leaving the school.[38] Much of the school's effectiveness has been attributed to its ability to set clearly defined educational goals and objectives, to maximize the skills and development of each student by promoting basic skills and personal values, to exhibit strong leadership, and to maintain close links to the community by getting parents involved when students are late, have behavioral problems, or have failing grades.[39] The school also promotes self-esteem and pride in students by showing them that they can learn, which makes them feel that they can succeed.[40] The accomplishments of the Ivy Leaf School have ensured it a steady increase in the size of its student body since its inception.[41]

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[30] Ibid.

[31] Ibid.

[32] Melvin Smoak, USCCR Forum.

[33] Ibid.

[34] Ibid.

[35] Ibid.

[36] Ibid.

[37] William Green, USCCR Forum.

Despite the success of the Ivy Leaf School, however, its founder feels that public schools will continue to be the haven for a majority of students of all races.[42] Some important issues that these public school officials may face are the negative effects that poverty and low self-esteem have on some minority students.[43] In many instances, drugs, teen pregnancy, family disruption, and despair have a "tremendous corrosive effect" on minority students.[44] It was suggested that some of these problems could be alleviated by providing adequate funds to broaden preschool education, job training, and remedial programs; by providing more financial aid for highly qualified and motivated students who lack funds for higher education; and by instituting creative community-based programs and activities that enhance children's self-esteem and self-awareness.[45]

In many public schools, one of the most immediate problems is the disproportionately high dropout rate among blacks and Hispanics. In school districts where these students make up a large proportion of the student population, this problem is even more prevalent. In examining this issue, one expert has observed that the dropout problem can best be thought of as concerning two groups: future dropouts and current dropouts.[46] Most future dropouts can be identified before they quit school by high absenteeism, poor grades, and poor relations with school personnel.[47] This lack of attachment to school may have several sources, including schools that are too large, grade structures that require students to make the transition to a new school (middle school to high school) at an age when they are prone to drop out, and poor communications between school administrators, teachers, and parents.[48] In Orangeburg School District Five, school officials have been trying to minimize the number of dropouts by monitoring the behavior of marginal students closely and by instituting preventive measures as soon as possible.[49] At the Ivy Leaf School, the attitude is that many disadvantaged students who might drop out would probably stay in school if they were shown that they can learn and make a contribution to society.[50] The difficulties that some disadvantaged students have with learning may be related to the rate at which they are introduced to new knowledge, the length of time they are given to comprehend it, and the intensity of their exposure.[51] A technique that is being used to increase disadvantaged students' interest in learning is to show them how what they are learning is relevant to their daily lives.[52]

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[38] Ibid.
[39] Ibid.
[40] Ibid.
[41] Ibid.
[42] Ibid.
[43] Ibid.
[44] Ibid.
[45] Ibid.
[46] Sally Kilgore, USCCR Forum.

Despite efforts to prevent dropping out, some students will leave high school before they graduate. Once this happens, local officials are confronted with a different type of challenge: how to equip the dropout with the basic skills needed in the market place. In Orangeburg School District Five, school officials are addressing this problem by encouraging current dropouts to participate in adult education or vocational job training programs.[53] One expert suggests that such school-based programs may be ineffective for current dropouts because they only reintroduce the student to an environment that he or she has already rejected.[54] An alternative to school-based programs is to give incentives to agencies and organizations to provide dropouts with skills that are directly applicable to available jobs and to take a long-term interest in the students and their success in the marketplace.[55]

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[47] Ibid.

[48] Ibid.

[49] Melvin Smoak, USCCR Forum.

[50] William Green, USCCR Forum.

[51] Sally Kilgore, USCCR Forum.

[52] Ibid.

[53] Melvin Smoak, USCCR Forum.

[54] Sally Kilgore, USCCR Forum.

[55] Ibid.

To improve the basic skills of high school students, many school districts are implementing educational reforms that increase students' exposure to academic material, such as expanding the length of the school day, adding more days to the school year, and increasing high school graduation requirements. Some have criticized the increased graduation requirements as erecting a barrier to equal educational opportunity.[56] Advocates for the reform counter that to consider the graduation requirements as a barrier is a "simplistic notion" of equal opportunity because "if it were not for the increased requirements, some disadvantaged minority students, who only have average ability, might not take the math and science courses that would help them succeed."[57] The increased requirements would better prepare many of these students for college and improve their chances of being admitted and later earning a degree.[58]

In recent years, the college participation rates of black and Hispanic high school graduates have been declining. Some reports have attributed this decline to inadequate financial aid, few minority faculty role models, hostility on college campuses, and discrimination in administrative and hiring practices. Inadequate academic preparation for college is likely another major factor.[59]

Unlike for other minorities, the college participation rate of Asians has increased sharply over the past few years. Some Asians, however, feel that at a few colleges and universities the admissions goals for improving minority enrollment may be barring many highly qualified Asian students from admission.[60]

The Department of Education is examining the effect that the above factors and others may be having on the equal educational opportunity of minorities. It is also paying more attention to equal educational opportunity for handicapped persons in light of increasing complaints in this area.[61]

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[56] Ibid.

[57] Ibid.

[58] Ibid.

[59] Diane Weinstein, USCCR Forum. Note: Increasing high school graduation rates for blacks and Hispanics may also be the reason. As more blacks and Hispanics complete high school, it is possible that a smaller percentage of high school graduates will go on to college.

[60] Ibid.

[61] Ibid.

Expanding Opportunities: Business Development

This section explores questions related to minority business development: What makes a minority business successful and what types of programs can encourage minority businesses?[62]

The likelihood that a new business will succeed is associated with several factors that have proven to be relatively constant across racial and ethnic groups. Research shows that the success or failure of a new business hinges on three primary factors: the level of education of the founder, the amount of financial capital available for startup investment, and industry profitability.[63] A study of three groups of business owners—white men, black men, and Asian men—who started businesses between 1979 and 1986 shows that most successful businesses have three characteristics: they are started by college graduates, they have relatively high amounts of financial investment, and they are in high-yielding industries.[64] Among the businesses studied, Asian-owned businesses were the most successful, primarily because many of them had all three of these characteristics. Sixty percent of the Asian businesses studied were started by college graduates, and Asian businesses had an average of $57,000 for startup investment.[65] Most of the Asian businesses were in industries with high yields, such as insurance, finance, and real estate.[66] In contrast, only 35 percent of the white-owned businesses were started by college graduates, the average amount of financial investment was $44,000, only 27 percent of the white businesses were in high-yielding industries, and the businesses started by whites were not as successful as those started by Asians.[67] Black-owned businesses fared worse than either Asian- or white-owned businesses, primarily because the percentage of the businesses started by college graduates was relatively low, the average startup investment of the black businesses was relatively small, and a large percentage of the black businesses was in low-yielding industries—e.g., personal services.[68] Businesses that were started by black men who were college graduates, had a reasonable amount of startup investment, and were in high-yielding industries were relatively successful.[69]

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[62] Members of this panel included Timothy Bates, University of Vermont; Linda Chavez, Equal Opportunity Foundation; Alfred Hui, Western International Insurance Company; and Edward Hoffman, EDH & Associates.

[63] Timothy Bates, USCCR Forum.

[64] Ibid.

[65] Ibid.

[66] Ibid.

[67] Ibid.

[68] Ibid.

One panelist argued that Federal aid to minority businesses should not be given to Asian businesses, which are already quite successful, but instead should be targeted to those black businesses that have good prospects for success.[70] Another panelist responded that, despite their record of starting successful businesses, Asians do experience difficulties in companies not owned by Asians. He felt that Asians should not be penalized for their success, but rather should be encouraged to do better.[71]

One Federal program aimed at helping minority businesses is the Small Business Administration's (SBA) section 8(a) program. Since its inception in 1968, the program's purpose has been to get more minority and disadvantaged companies involved in government procurement by awarding contracts from Federal agencies to designated minority and disadvantaged businesses on a noncompetitive basis.[72] In lieu of bidding on contracts, the minority or disadvantaged companies are required to submit a comprehensive business plan that the SBA reviews for social disadvantage, economic disadvantage, ownership, control, management, and capability.[73]

Over the years, the section 8(a) program has received much criticism, but despite its shortcomings, it has helped a number of minority and disadvantaged companies to work on a broad array of government contracts.[74] Aside from abuse of the program by politically connected minority businesses,[75] some of the program's problems have been poor assistance to companies in the areas of management, financing, loans, and lines of credit. The program has also been criticized for inadequate followup assistance to companies that have left the program.[76] Suggestions for improving section 8(a) program include: appointing an Associate Administrator for the program who is familiar with the program's requirements and has credibility with the minority and majority communities; appointing highly qualified people to the Commission legislated to assess SBA's programs; consolidating some of the programs in the Department of Commerce's Minority Business Development Agency—such as training, packaging, and outreach—with those in the SBA; giving followup assistance to firms who have graduated from the section 8(a) program; and allowing companies in the program to bid jointly on contracts.[77] It was also recommended that the private sector be given incentives to encourage mergers and acquisitions by minority and disadvantaged companies, that minority and disadvantaged companies be given incentives to become prime contractors, and that States be given incentives to create minority set-aside programs.[78]

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[69] Ibid.

[70] Ibid.

[71] Alfred Hui, USCCR Forum.

[72] Edward Hoffman, USCCR Forum.

[73] Ibid.

[74] Ibid.

[75] Timothy Bates, USCCR Forum.

[76] Edward Hoffman, USCCR Forum.

Helping Hispanics to develop successful businesses requires an understanding of the nature and the diversity of the Hispanic community. In 1986 Hispanic families earned $20,000 compared with $30,000 for the general population, the poverty level for Hispanics was 25 percent compared with 11 percent for the general population, and the unemployment rate was 10.2 percent compared with 7 percent for the general population.[79] Although these averages give a general picture of the socioeconomic status of the Hispanic population, the data obscure some important facts about subgroups of the Hispanic community.[80] For example, the average Cuban American lives in much better socioeconomic conditions than the average Mexican American.[81] Moreover, often little attention is given to the age and nativity of these groups and how these characteristics affect socioeconomic status.[82] Hispanics are on average younger than the general population: In 1986 the average age of Hispanics was only 25.1 compared with 35.8 for the general population. Not only is the Hispanic population young as a group, but the average ages of different Hispanic subgroups vary. Many Hispanics also are foreign born and hence tend to be less educated and, initially, lack marketable skills.[83] Immigrants, however, are usually highly motivated and increase their educational attainment and improve their other skills over time.[84] The longer they remain in the United States, the more differences in education and skills, and hence the difference in earnings, tend to diminish.[85] Because of their generally high levels of motivation, immigrants may play an important role in developing Hispanic businesses.

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[77] Ibid.

[78] Ibid.

[79] Linda Chavez, USCCR Forum.

[80] Ibid.

[81] Ibid.

[82] Ibid.

[83] Ibid.

[84] Ibid.

[85] Ibid.

Corporate Initiatives

This section[86] discusses ways that corporations can serve the needs of minorities and of the community at large both by aiding community organizations and other nonprofit agencies to perform their roles better and by improving their own internal personnel development practices.

American corporations have long been a source of funding for community organizations and nonprofit agencies. To encourage their employees to contribute financially, most firms have instituted charitable contribution policies like United Way's "fair share" concept.[87] Many corporations have foundations that evaluate projects for potential funding through grants.[88] In recent years, it has become apparent that community organizations and nonprofit agencies need more than financial aid. Often they are in need of the very management and operational expertise that corporations have.[89] Some corporations have begun donating their expertise as well as their money to nonprofit organizations.

As an example, Rogers Group, Inc., established the Group Assistance Project (GAP) in 1987.[90] Under GAP, employees from all levels of the Rogers Group—finance, long-range planning, and management—were pulled together to examine the mission, governance, finances, development, and support services of a local community agency, and to identify some short-term and long-term strategies for improving the agency's operation.[91] The Rogers team set out to help the agency to raise the level of funding coming from current sources and to build a permanent outside base, develop a new volunteer program to recruit and train volunteers, and to improve publicity and neighborhood and community relations.[92] An overall work plan governed the project. It included a situation audit, a mission review, long-range objectives planning, formulation of program strategies, and plan implementation.[93] This comprehensive approach to assisting the community agency was also beneficial to the Rogers Group because it helped some of its employees to get involved in social services, work with members of other racial groups, take on leadership responsibilities, and develop mentoring relationships within the company.[94]

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[86] Participants on this panel were Ben Rechter, Rogers Group, Inc., and R. Roosevelt Thomas Jr., American Institute for Managing Diversity.

[87] Ben Rechter, USCCR Forum.

[88] Ibid.

[89] Ibid.

[90] Ibid.

[91] Ibid.

[92] Ibid.

The Rogers Group became aware of other agencies that are involved in helping people in the community help themselves, such as United Way's Management Development Center, which is sponsored by HCA Foundation and provides management training and specialized consulting services, and United Way's Project Blueprint, which seeks to increase the representation of women and minorities among key decisionmakers on United Way agency boards.[95] A representative from the Rogers Group indicated that several major corporations are supporting projects similar to theirs.[96] He also stated that a major concern of most corporations is to improve American education. Supporting early intervention is the most effective way to promote educational opportunity for minorities, and corporations concerned with their future work forces and the United States' competitive position should make substantial contributions in this area.[97]

Corporations can also help minorities by better managing the diversity in their own work forces. Traditionally, corporations have approached diversity from a "melting pot" perspective: Through affirmative action and other programs, they have encouraged participation by persons of all backgrounds, but they have expected that everyone would blend into their corporate environment.[98] Corporations have tended to treat diversity as a problem of relationships between individuals, and as a result, they have focused on teaching minorities and women how to be successful in a predominantly white male corporation and on training white male managers to relate to individuals who are different from themselves.[99]

Increasingly, corporations are finding that minority hiring strategies based on finding the "right kind of person" for their company are failing.[100] A typical problem facing corporations relying on this kind of strategy is that their minority and female employees do not advance in the company.[101] To overcome this problem, many corporations are seeking new ways to manage diversity in their work forces. They seek to create an environment where every individual has the opportunity to contribute to his or her full potential and no individual is placed at an advantage or disadvantage because of personal attributes.[102]

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[93] Ibid.

[94] Ibid.

[95] Ibid.

[96] Ibid.

[97] Ibid.

[98] R. Roosevelt Thomas Jr., USCCR Forum.

[99] Ibid.

[100] Ibid.

To manage diversity effectively, the term "diversity" has to be understood broadly to include race and sex, as well as age, professional background, lifestyle, and so on.[103] Corporations need to go beyond affirmative action, which is a short-term, artificial intervention whose positive effects may unravel once efforts are relaxed.[104] Effectively managing diversity also requires going beyond the concept of "valuing diversity"—a manager's ability to respect, understand, and appreciate differences among workers. A manager's sensitivity to racial and ethnic differences between himself and other workers does not mean that the manager can manage that diversity effectively.[105] Thus, corporations need to recognize that culture represents those fundamental assumptions that drive behavior in an organization and to be willing to make substantial cultural changes.[106]

Neighborhood and Nonprofit Initiatives

Nonprofit organizations provide an array of public services to individuals or communities that lack the resources to help themselves. This final section highlights some of the comments made by representatives from nonprofit organizations about improving opportunities for minorities.[107] The discussion also touches on increasing employment opportunities for the handicapped.

One organization, the Landmark Legal Foundation Center for Civil Rights, has identified four areas in which it contends that civil rights can be improved.[108] In the area of economic liberty, it seeks to overturn economic regulations, such as occupational licensing, some public health and safety laws, etc., that it believes stifle the poor and minorities' economic opportunity.[109] It recommends that an economic liberty act be passed to guarantee the "right of individuals to pursue economic and entrepreneurial opportunities free from arbitrary or excessive regulation."[110] In the area of educational freedom, Landmark Legal Foundation seeks to do away with the public "monopoly" in providing education for the poor, which it believes limits educational opportunity. The foundation also proposes an education opportunity act that would provide the poor with the right of choice as well as the right to equal opportunity in public schools.[111] In the area of welfare, Landmark Legal Foundation believes that the poor should be "emancipated" from a welfare system that controls their lives. It advocates that the poor be encouraged to participate in administering these programs.[112] As an example, it supports urban homesteading, which turns over the management and ownership of low-income housing projects to the people who live there.[113] Finally, in the area of crime, Landmark Legal Foundation would like the government to place more emphasis on the fundamental right of individuals to be protected from crime.[114]

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[101] Ibid.

[102] Ibid.

[103] Ibid.

[104] Ibid.

[105] Ibid.

[106] Ibid.

[107] Members of this panel included Clint Bolick, Landmark Legal Foundation Center for Civil Rights; Kevin McGruder, Local Initiative Support Corporation; Landon Lewis, New Orleans Urban League; Pat Pierce, Vanderbilt University; William Walker, National Alliance of Business; and Lee Walker, the New Coalition for Economic and Social Change.

Another nonprofit organization, the Local Initiative Support Corporation (LISC), is attempting to address the economic problems of the poor by supporting nonprofit community development corporations (CDCs).[115] LISC argues that CDCs can help neighborhoods effectively because they are familiar with their communities.[116] LISC provides CDCs with loans and encourages them to find funding from other sources as well.[117] To increase the private sector's involvement in nonprofit and neighborhood development, LISC uses a fundraising strategy in which it matches funds provided by local corporations and foundations.[118] The CDCs supported by LISC generally are involved in residential real estate development in their neighborhoods, although sometimes they do commercial real estate development. The LISC representative stated that real estate development was not enough, however, and that creating jobs for poor communities is also important.[119] In addition to creating a better business atmosphere by renovating or building housing, neighborhood organizations can encourage new businesses for their communities by helping to train workers and by screening potential employees so that employers know that they are reliable.[120] The LISC representative stressed that strong enforcement of civil rights laws is important. He stated that nonprofit organizations should also pay more attention to recruiting minorities for positions on their staffs.[121]

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[108] Clint Bolick, USCCR Forum.

[109] Ibid.

[110] Ibid.

[111] Ibid.

[112] Ibid.

[113] Ibid.

[114] Ibid.

[115] Kevin McGruder, USCCR Forum.

[116] Ibid.

[117] Ibid.

[118] Ibid.

In New Orleans, the local Urban League argues that economic development is the key to helping the poor, who often lack the education and the skills necessary to find traditional jobs.[122] The Urban League is also concerned about the loss of jobs abroad, the decay of the urban infrastructure, and the need to rebuild urban areas.[123] It is attempting to bring about systemic changes in government and to sensitize policy makers to barriers to economic opportunity for the poor.[124] Cooperation by the government, private sector, and community-based organizations is needed to develop enterprises that will help communities create jobs.[125] Corporations can help not only by using set-asides for some of their procurement needs but by helping to develop minority businesses that can meet these needs.[126] Local community organizations can help because they know the needs of their community.[127] As an example, one Urban League program has helped public housing tenants to develop entrepreneurial projects, such as a transportation business that provides jobs to some residents and transports other residents to job sites throughout the city.[128] The Urban League representative argued that more attention should be paid to freeing the poor from the detrimental effects—in terms of health and in terms of property values—of environmental pollution, which they are exposed to by industrial plants that are often located near poor communities.[129]

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[119] Ibid.

[120] Ibid.

[121] Ibid.

[122] Landon Lewis, USCCR Forum.

[123] Ibid.

[124] Ibid.

[125] Ibid.

[126] Ibid.

[127] Ibid.

[128] Ibid.

Although blacks now have legal equality with whites, blacks do not yet have economic equality.[130] According to an official of the National Alliance of Business in Atlanta, for blacks to have complete civil rights, economic differences between blacks and whites should be "nonremarkable."[131] He argued that it is a mistake to believe that economic equality will necessarily follow legal equality as it did for many immigrant groups in the past.[132] The path to success followed by immigrant groups in the past was to find jobs in manufacturing that did not require high levels of education.[133] Changes in the economy have closed this path to success.[134] Since the early 1970s, the economy has changed from a manufacturing economy to a service economy, which requires that workers have high levels of education and skills.[135] This problem may escalate in the next 10 years because most new jobs will be generated in the information and services industries in which skill demands are high.[136] In addition, technological and industrial advances in other countries are weakening America's position as the world's economic leader, and the constant flow of technological innovations is redefining the skills and job requirements demanded in the marketplace.[137] In light of these factors, not only do black men need help, but America is at a point where it needs black men in a substantive way to help fill the skilled jobs generated by the economy.[138] He also noted that there is an absence of black role models in the workplace and suggested that greater recognition by the Civil Rights Commission and others be given to successful black professionals. This recognition would do much to help young black men to strive for success in the world of work.[139] He also recommended that the Civil Rights Commission place more emphasis on education and public awareness and increase efforts to recognize civil rights accomplishments.[140]

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[129] Ibid.

[130] William Walker, USCCR Forum.

[131] Ibid.

[132] Ibid.

[133] Ibid.

[134] Ibid.

[135] Ibid.

[136] Ibid.

[137] Ibid.

[138] Ibid.

[139] Ibid.

An official of the New Coalition for Economic and Social Change regards economic development as essential for black Americans.[141] He observed that, although there is a fierce debate among blacks about how best to accomplish economic development, there has been a resurgence of the concept of self-help in the minority community.[142] He feels that the only way blacks and other minorities are going to experience economic development is if they help themselves, and that nonprofit agencies should redirect their efforts towards this end.[143]

Economic opportunity is also a major concern of the handicapped. A representative from Vanderbilt University indicated that, although employers are often concerned about the cost of accommodating handicapped workers, data suggest that in most cases it costs no more to accommodate disabled employees than other workers.[144] In instances where there is additional cost, community agencies usually provide assistance.[145] Currently, the Rehabilitation Act of 1973 provides some protection to handicapped workers; however, the law is limited to Federal contractors who are required to recruit actively and hire qualified handicapped persons. Congress is considering a piece of legislation, the Americans with Disabilities Act of 1989, that would do more to protect handicapped persons by prohibiting discrimination against them in employment, housing, public accommodations, transportation, and communications.[146] The representative from Vanderbilt recommended that the Civil Rights Commission support the Americans with Disabilities Act, encourage enforcement of existing civil rights laws, and promote affirmative action for the handicapped.[147] She also recommended that the Civil Rights Commission develop a dialogue with organizations and groups representing handicapped Americans.[148]

Companies that seek to employ the handicapped must make affirmative action for the handicapped a priority from the top on down.[149] As an example, Vanderbilt University has a comprehensive program to encourage the hiring of handicapped persons by the university.[150] Among other measures to enhance its affirmative action policy, Vanderbilt has undertaken a campus publicity campaign to promote understanding of the handicapped—their needs and their abilities—and to remind university hiring officials to consider them for vacancies that arise.[151] As part of this effort, Vanderbilt publishes several brochures and a newsletter about the handicapped.[152] To help handicapped persons find employment at the university, Vanderbilt assists handicapped persons through its employment process and has an internal advocate for handicapped job applicants to ensure that their applications are given due consideration.[153] Vanderbilt also has a special program that brings community groups supporting the handicapped together with university hiring officials to exchange information on employer needs and the skills of handicapped persons.[154] In addition, Vanderbilt is involved in Project Excel, a program in which the State rehabilitation service program identifies qualified handicapped persons for specific jobs at the university.[155] Vanderbilt also gives several awards for persons who have contributed to affirmative action on campus.[156]

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[140] Ibid.

[141] Lee Walker, USCCR Forum.

[142] Ibid.

[143] Ibid.

[144] Pat Pierce, USCCR Forum.

[145] Ibid.

[146] Ibid.

[147] Ibid.

[148] Ibid.

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[149] Ibid.
[150] Ibid.
[151] Ibid.
[152] Ibid.
[153] Ibid.
[154] Ibid.
[155] Ibid.
[156] Ibid.

Proceedings

Vice Chairman Friedman. Good morning, ladies and gentlemen. Welcome to the second in the series of regional forums that the U.S. Civil Rights Commission has been projecting for the past year.

My name is Murray Friedman. I'm the Vice Chairman of the Civil Rights Commission, and I'm pinch-hitting for a period of time for our Chairman, Bill Allen, who has been delayed in getting here.

Let me introduce those members of the Commission who are with us at the moment. They include Esther Buckley, who is a member of the subcommittee, as I am, that has been developing these forums. On my left also is Melvin Jenkins, who is the Acting Staff Director of the Civil Rights Commission.

And to my extreme right, but only physically, is Francis Guess, who is a member of the Civil Rights Commission and, of course, is known to many of you here in Nashville as a resident of your city. Sherwin Chan, who is the newest member of the Civil Rights Commission.

As I said, we will have other members of the Commission who will be arriving later, including Commissioner Destro who is the chairman of the subcommittee that has developed the concept and the tactics involved in this forum.

The purpose of these forums, as Esther Buckley will explain more fully, has been to attempt to try to get a handle on what are the newer or coming directions in civil rights. It is strange to some of us, who have been in this movement for so many years, but we are now some 34 years after the *Brown* decision outlawing segregation in the public schools; we are now some 20 years after the murder of Martin Luther King. And it is a particularly appropriate time for us to take a look at where we have been and where we are going.

Without any attempt to diminish the need for monitoring and implementing traditional civil rights remedies that have evolved over the recent years, it has been increasingly clear to many of us that the strategies and directions that have guided the civil rights movement, as effective as they have been, as useful, as morally correct as they have been, may not be all we need in the coming years by way of reducing issues of inequality as they affect members of minority groups, women, and other ethnic outsiders. Some of us have begun to look closely at such issues as the economic intersection with civil rights, and some have used the phrase of economics as the new frontier of civil rights. And I think you will note that, in the structure of this regional forum particularly, there will be much said about issues of this kind.

So without further ado, since we have a group of experts, panelists, and others here, I'm going to ask Commissioner Buckley to provide us with a more general overview of where we are heading with regard to these forums.

Overview

COMMISSIONER BUCKLEY. Before I continue giving you an overview of why we are here today, I wish to announce that we do have services available for the hearing impaired. The interpreter is standing over there right now. So if there is anyone present who requires these services, we would very much appreciate your signaling your presence to us so the interpreter may know how to proceed with her task this morning.

I guess you may relax for the rest of the morning, and if anybody else comes in that you know is hearing impaired, would you please advise them to register at the desk outside so she may know what she may need to do the rest of the morning.

Thank you very much.

This morning we begin the second of a series of three forums which are a part of the Commission project entitled, "Changing Perspectives on Civil Rights." The design of this project is different from any of the other projects we have done recently, and most of the planning was done by the subcommittee, as Mr. Friedman just mentioned, comprised of the Vice Chairman, Commissioner Bob Destro, and myself, and then the planning process was submitted to the full Commission for their approval.

The subcommittee took several very divergent memoranda and melded these into the three forums we are presently involved in. We are excited about the idea that the Commission on Civil Rights, instead of just being reactive to what is happening in civil rights in the country today, is actually being proactive and preparing for what may be or will be the civil rights issues in the next century, in the year 2000, in the year 2010.

We seek to discuss such questions as: Where are we going in civil rights? Where should we be? And, perhaps more importantly: How do we get there with a minimum of mistrust and difficulty?

Our Los Angeles forum dealt with changing demographics and the impact on civil rights issues. Over the next day and a half, we will have five panels that will discuss how these changing demographics will affect our country, as well as what can be and is being done to provide the equal opportunity we envision for everyone.

We are delighted to be here in the great State of Tennessee with Commissioner Guess because we know the two areas that we address here today, education and the business and economic arena, can be discussed fully and well in this centrally located and very accessible part of our country.

As we learned in Los Angeles, our work force in the future will need to be educated, trained, and properly prepared for a possible two or three moves in their working years. Will our businessmen find the workers that they need? What will the business community need to do to maintain their work force?

Once a minority person has access to a job, how well can he or she move up the ladder to managerial positions? What do we need to do in education? How do we keep our students in school? What curricula do we provide for them? How do we develop entrepreneurship?

Hopefully, these and many other questions will be answered here in Tennessee, which will lead to our third forum in Washington, D.C., in the spring. The Washington forum will take what we have learned about demographics in this country, about initiatives that can be taken by our business community and neighborhoods, and how we can improve on education, and we will recommend, propose, suggest regulations and laws for Congress to enact, for Federal agencies to follow. Hopefully, we will take the pulse of what is happening today and propose a means to achieve a harmonious existence in the next century. In keeping with the ideas I have just described, we will have a series of five panels over the next day and a half.

This afternoon, from 4 o'clock to 5:30, we will have an open session where we are inviting the public to come in and speak to us. There are certain limits that we must follow. One of them is you must register at the desk outside. You will be limited to 5 minutes. And you must follow all of the Commission's rules on defame and degrade, and they will be explained to you better outside the door. So if you know anyone who wishes to speak to us between 4 and 5:30, there will be that opportunity for them to do so.

Reflections of the News Media

COMMISSIONER BUCKLEY. With that, I would like to begin by introducing our first panel. Our first panel is "Reflections of the News Media." This panel, as a matter of fact, is a repetition of what we did in Los Angeles, and we really learned a lot from the presenters we had there, and we are really excited about the people who have come to be with us today.

I will introduce them in order from the right to the left. They are Mr. Fred Graham, commentator with WKRN-TV, Nashville, Tennessee; Renee Hampton, a reporter for the *Nashville Banner*, also from Nashville; Estella Herrera, a reporter from *La Opinión* newspaper in Los Angeles, California; and Mr. Bill Snider, reporter, *Education Week*, Washington, D.C.

We welcome you to Tennessee and our forum this morning. Some of you know, I know, are from Tennessee, but we will listen, and after your time we will have some questions from the Commissioners.

Mr. Graham, if you will begin.

Fred Graham, Commentator, WKRN-TV, Nashville, Tennessee

MR. GRAHAM. Thank you very much. After the conversation, after you have set the stage here for a look into the next century in civil rights, I'm the Rip Van Winkle of this panel.

As many of you know, I came back to Tennessee just last year after having been gone for 25 years in Washington and New York, and in many ways my experience has been a Rip Van Winkle-like experience because when I left here in 1963, the atmosphere in civil rights in this community—in Tennessee—was so startlingly different from what I saw when I came back. Now having been back a year, I am continually being struck by things that I see and by comparisons that are thrust upon me because of the scene that I left.

At the time that I left in 1963, this was a Jim Crow community. Black students were conducting sit-ins in downtown restaurants all around where we are now. This hotel and convention center were not here. When you went into town, there were only white clerks in the shops, in the banks, and the other business establishments, and the public work forces that you saw—the police, the fire department, and so forth—were almost all white. Politics were racially polarized and, in my judgment, this was both a large part of the root of the problem and a result of it. Most elections included segregationist candidates, and they often got elected.

In the news business—and I had been in the news business up until a couple of years before I left. I was a lawyer when I left, but I had worked for a local paper, and a lot of the coverage I did was civil rights coverage because racial unrest was news. It was constantly discussed in news stories and in print and in television. One of the newspapers in the community at that time frequently supported segregationist positions, and there was a traditional rivalry between the two newspapers, and that exacerbated the situation.

As you look back on it now, progress even then was being made. But for those of us who were here and were just looking at the perceptions—the perceptions that you saw in the news media and in the community—it was obvious that race relations in civil rights were basically confrontational and were polarized. So it really was a little bit like being the Rip Van Winkle of the local media to return to Tennessee just last year and to see the transformation that has taken place.

Now, this is not to say that this is a civil rights utopia here. Everyone knows that is not true in this community or any other. And, obviously, improvements can be made. But let me assure you that, from the viewpoint of anyone who left 25 years ago and suddenly came back, the progress is impressive. The legal segregation that was being protested at that time is gone. The work force you see is widely integrated. There is a good bit of unself-conscious social integration. Women are in jobs where they weren't seen before. Asians and other minorities have become part of the local scene, which was extremely rare just a quarter-century ago.

But, most significantly, there is a striking decline in that polarization of civil rights in the issues and attitudes of race relations that were just commonplace in that period. There is not nearly as much tendency for public issues to become racial issues, which they almost automatically did in those days.

For instance, when I left Nashville, the front pages and the television news broadcasts were dominated almost daily by the sit-ins, by school desegregation controversies, by the posturing of the Ku Klux Klan, and by anti-civil rights positions being taken by politicians.

By contrast—and my colleagues from this community may want to comment on this—my judgment is that currently the only issue that could be called a public civil rights matter in this community involves a proposed expansion of a State-run technical school here into a community college. And there has been some opposition to that on the grounds that it might retard the ongoing process of integration of a formerly black public university here. But even those who take that position do not allege that the motive for expanding the technical school is to retard the integration at the other university. It is just that it might have that effect.

The only front page news growing out of civil rights litigation—and it used to be in the courts all the time and in the press—actually, since I have returned to Nashville in a year, involved a suit by a black dean at that same formerly black university claiming that he was demoted because of his race, and the judge quickly threw out his suit.

Likewise, several weeks ago there was an effort among some members of the legislature here to unseat a black woman from her position as speaker *pro tem* of the house of representatives. That incumbent's race and sex were, of course, a fact of life in what was basically a power struggle, but very quickly it was interesting that the focus of the controversy shifted to what really separated the parties there, other than a jockeying for power. And that was that the woman legislator, who was from Memphis, an urban legislator, had been a strong supporter of sex education in public high schools that had high illegitimacy rates, and her opponents were mostly rural legislators who opposed sex education in schools. And so what you had there, to a large extent but not exclusively, was tensions between urban and rural constituencies.

But such is the subtle nature of typical civil rights controversies in our State these days. And what we see is that matters that might easily have been fanned into flaming civil rights issues these days are left to run their course, either being given very little notice or seen through a prism of public perception almost not as civil rights matters.

Court-ordered busing has resulted in considerable white flight from the public schools in this community, but it's a matter that you rarely hear discussed, and I can't recall any public media discussion of that in the year that I've been back. There is a perception here that slowly the public schools are coming back, and I think there is a sort of consensus in this community that making an issue of this at this point would not help.

I had a discussion with a faculty member the other day of one of the finest private high schools in this community. He told me their stiffest competition for bright students is a school two blocks from here, which is a magnet school. So I think the perception in the community is that we are seeing improvement, and the thing to do is to let that take its course.

In a similar vein, several weeks ago the mayor announced plans to establish a minority set-aside program in this community to assist minority- and female-owned businesses to win city contracts. And as everyone in this panel knows, that is a proposal that has been controversial in other communities, but it was given scant attention in the local media here, and it has faded very quickly into the background as a public issue.

What has happened, as I see it, is that this community has moved from a time in which civil rights controversies sprang from almost all activities of public life to the current time when issues of civil rights are almost by sort of common consent downplayed. Now, it makes for dull journalism—and

I'm in the journalism business—but certainly for good public policy.

Your inquiry is into the conditions, demographic and otherwise, that are likely to set different conditions for progress in these matters in the future. And I don't know how much contribution these general thoughts about the past have. I have one suggestion, perhaps two, in a moment.

But my sense is that the reason for the kind of improved atmosphere—and this is a difficult matter for a journalist to discuss because you almost find yourself arguing that no news is good news. But in a sense, in these matters, it appears to me that a sort of conspiracy, in the finest sense, in this community, or in a beneficial sense, to treat these matters not as polarized civil rights matters but as economic matters, questions of education, with a different label on them, a less controversial or less confrontational label, is good for the community.

It appears to me the basic difference that I see, the reason for it, was the Voting Rights Act. Once the voting constituency of minorities in this community reached the point that it simply did not pay for a politician or a hopeful politician or a potential politician to run against minority groups, then it had a miraculous effect upon who was and was not fanning the flames that were potentially in local matters here.

One of the realities of the media is that we do report what politicians say and do. It's not a value judgment on our part. It's just the basic way we decide what's news and what to report. And it is ironic that quite often people say the media focuses on bad news, that the media reports bad news and doesn't report good news. I think that's almost always a fallacy.

The media reports what it perceives to be of interest and importance to the community. When the community is of a mindset that we have in this community, have had lately and have now, and that is that these matters are best addressed in a noncontroversial confrontational way than in the media, and these perceptions you're here to talk about, those handles and those labels fade into the background. That certainly has happened during the period in which I have been gone.

I know it is time for me to pass the torch here, but I have one specific that came to my mind before I complete this opening statement. Mr. Friedman mentioned looking to the future of new forms and economic ways and others to better deal with what classically were civil rights problems.

In connection with the minority set-aside program that is in its very incipient stage here, it seemed to me at the time that was proposed that government may have missed a bet and overlooked a possibility in accepting the traditional corporate form in setting up these minority set-aside programs. As you know, when they have been controversial, to a large extent it's been because of allegations of front companies, straw companies, the reality being different from the appearance. I don't see why a new concept, such as minority set-asides, has to accept all of the secrecy that is traditional in American corporations. Why is it that you have to be a corporation? It seems to me that when a minority program is set up, a condition of taking part could be either (a) you waive much of the traditional secrecy as to true ownership and control of the enterprise, or (b) it's done through some sort of partnership, or not a form of ownership and control,that can be examined and be a matter of public record.

Maybe I'm missing something here, but I think a lot of the problems that have almost come under the label of Wedtech kinds of problems could have been finessed at the outset by a rule that said, "Look, this is special, and the forms and the openness of doing business are going to be different." That's just one suggestion.

In conclusion, as you can tell from what I've said, in these days in this community, in Tennessee, matters of race relations and civil rights are not at a high level of agitation. It's a case of no news being good news. And speaking as a citizen here, and not particularly as a newsman, we should hope it continues.

Thank you very much.

COMMISSIONER BUCKLEY. Thank you very much.

Ms. Hampton. I'm sorry, I did not say at the beginning of the panel that you will have 15 minutes to speak. If you wish, I can give you a 2-minute notice before the end of your time. Mr. Graham was very, very gracious in keeping to his time. So I will give you a 2-minute notice.

Statement of Renee Hampton, Reporter, *Nashville Banner*, Nashville, Tennessee

MS. HAMPTON. Commissioners, it is indeed a pleasure to speak before you. I am a reporter with the *Nashville Banner*, which is the afternoon newspaper in town. And in my professional career, I am a product of the civil rights movement. I am 27 years old and was in one of the first classes that was integrated in Jackson, Tennessee, so I am very confident that the way I got here in my profession was definitely as a result of the movement that has taken place in the country.

I'm a 1984 honor graduate of Morris Brown College in Atlanta, Georgia, and have completed an internship with the *Atlanta Journal and Constitution*. During my 4½ years at the *Banner*, I have covered a variety of beats, including State desk, general assignment, metro courts, and the neighborhood edition. I also serve as the minority youth internship program instructor, which is a summer writing program for high school students.

My presence at the *Banner* is, as I said, in itself illustrative of how the civil rights laws have affected the local media organization. Not too many years ago there were no minorities employed at the *Nashville Banner* nor at most of the other newspapers nor television or radio stations in the country. During the 1960s, the *Banner* was known in the black community as a racist newspaper in town, often portraying a negative picture of minority residents. Fortunately, that ownership has changed, and management is working to improve upon its image, but it is an uphill struggle.

Editors and reporters are now trying to more fairly cover the minority community, reporting the good as well as the bad. An example of this is illustrated in the coverage which Meharry Medical College received last week in our paper. One story indicated that officials at the historically and predominately black college would ban smoking at the school and at their hospital. However, before the second edition of the paper was published, it was learned that the school had lost its rights to train surgeons, which was a major story and reported as well.

While I heard a few readers complain, "You all are at it again and you printed a negative story about the black community," it could be countered with the fact that we had reported a more positive story. But we are in the news business, and the news is what affects the most people.

Minorities throughout the country commonly complain that they are not fairly represented in the media, but I know there are some executives in the business who are trying to improve upon this situation. However, there is much work to be done.

The most effective way to balance news coverage, not to prejudice any race, is to have their input in the covering of the news. The 1967 Kerner Commission, appointed by then-President Lyndon B. Johnson, urged media executives to hire and promote minorities. However, that void that was unfulfilled almost 22 years ago remains much the same today. The numbers are startling.

According to the 1987 study conducted by the American Society of Newspaper Editors, 55 percent of the daily newspapers in the country still have no minorities on their staff. That means not a single black person, Asian, Hispanic, or American Indian is employed at most of the daily newspapers in this country.

Of those newspapers that do employ minorities, the numbers on staff are few. Of the 55,300 in the newspaper work force, only 3,900 are minorities. According to the National Association of Black Journalists, the figures are not much better in the broadcast medium. Not only do news organizations' staff suffer from the lack of integration, but they put their readers, listeners, or viewers at a disadvantage as well. How can the media fairly cover the entire community if it leaves out or does not understand or try to understand a vital segment of it?

Too often in journalism we see stereotypes of various racial groups that indicate little knowledge of the subject matter. Although race should not affect quality journalism, having minorities on staff brings sensitivity to its coverage by having a staff person available to point out issues that may be offensive or incorrect. Sensitivity is vital because you can't effectively cover issues about things you do not understand.

The *Banner* and other news organizations are working hard to improve and balance their news coverage. But it is important to realize that it is not enough to simply hire minorities as reporters. There needs to be more minority representation in the editorial decisions made at newspapers.

The ASNE study also indicated that minorities represent only 4.1 percent of the 12,600 supervisors in newsrooms throughout the country. Minorities need to be there when managers are making decisions about what is news and how this is going to affect the entire community. As a society, what affects one group affects the other groups as well.

It is unfortunate, but true, that despite 20 years of integration, we remain largely ignorant about each other's cultures, thus maintaining the need for continued civil rights legislation. I guess it's human nature, but most people tend to feel more comfortable around people most like them. From the evidence of the growing private segregated school population and white flight, with more white people moving from the inner city to the suburbs, it is evident that not many people are seeking close contact with others unlike them, and that polarization pretty much works the same way with people of color as well.

Along with its purpose to inform, influence, and entertain, the media is a mechanism for learning and often portrays the only picture by which many people see the world. The public's knowledge will be limited if all of the reporters, editors, and publishers are white, black, or any other color and cover only issues that they deem important.

The *Banner* is working to increase the number of minorities in the business through its summer minority youth internship program. The 6-week program is the brainchild of *Banner* publisher Irby Simpkins and is designed to encourage more minorities to consider journalism as a career.

Students meet daily at the newspaper and learn what is news, how to conduct interviews and write stories. The summer program has served as a prototype for other newspapers also seeking to increase their minority staff members. In 1986 Memphis State University awarded the program the Ida B. Wells award for promoting race relations.

Personally, I welcome the day when we will not need such programs. Often it seems as though people think minorities only get professional jobs through special programs and not their talents and skills. They seem to forget that no matter how they got the job, they keep the job by producing.

I believe most minorities only want to be given a chance to prove that they can do the job. Many employers make a point of saying, "We hire minorities because it is the right thing to do." But to me it seems a little strange that nobody recognized the right thing to do until the law pointed it out.

COMMISSIONER BUCKLEY. Thank you very much.

Ms. Herrera.

Statement of Estella Herrera, Reporter, *La Opinión*, Los Angeles, California

MS. HERRERA. Mr. Vice Chairman and members of the Commission, thank you very much for having me here.

In contrast to what Ms. Hampton has said, I will speak not of minorities in the news media but on what the news reflects almost daily. We are by definition a minority newspaper, since *La Opinión* is written in Spanish entirely, and the paper has made a point in dedicating at least one column to the subject of education every day, and almost invariably the news in this field, big and small, corroborates what findings in academic and independent or government studies have established. There are inequalities in the schools, inequalities that affect most particularly Hispanic children now but will affect in the not very distant future the whole of American society.

California, with its diversified economy and population, is most promising in terms of overall growth. In human terms, it already represents what New York did at the turn of the century: the point of entry for millions of immigrants to this country. California is now the Ellis Island for almost one-third of the world's immigration, and these rates are on the increase.

The bulge of this flux comes from Latin America, mostly from Mexico. Thirty-three percent of all Hispanics in the U.S. live in California. Their families tend to be larger than other ethnic groups' families. Their median age is 25 years, pretty young, as compared to a national median age of 31.9 years. Their youth is a promise—and undoubtedly the promise will be fulfilled—of greater fertility.

These facts eloquently establish that the Hispanic component of American society is one which will only grow and will necessarily exert a broad impact on the future of the country. But in spite of being the fastest growing minority, their needs by far exceed their opportunities. It is by now clear that the inequalities stem from a single important factor: the lack of good education.

The educational system has been often portrayed as a pipeline, smoothly conducting people from preschool to college and to full participation in the workplace. It is obvious now that this metaphor is obsolete. As far as minorities are concerned, a more appropriate image of the function of education has emerged: a sieve.

This is certainly true in California with its large Hispanic population. In fact, national and State data, as well as local experience, document that Hispanics slip out of the educational system at an alarmingly high rate, higher than blacks and whites, and higher than any other minority. Although Hispanics enroll in elementary school at about the same rate as blacks and whites, only 5.3 percent graduate from college as compared to white kids. What happens along the way during these 12 years is the subject of much discussion, but we can all agree on one thing: The school system is not delivering its promise of preparing our youth for an adult life enriched by a full participation in society.

In spite of the obvious gap between the educational achievements of Hispanics and other groups, appropriate preventive and remedial programs do not exist. Most school reform initiatives are not designed to improve education for Hispanics, and the gap will only widen in the future.

The new population of elementary schools will require additional effort just to stay even with current achievement levels. By 1990 there will be half a million more students in the schools, and a disproportionately large number of them will not speak English, will live below the poverty line, and will have physical and emotional handicaps. Because of these factors, the school system will require more funds just to provide services at their current level. Just to stay even, the State as well will have to spend more.

Nonetheless, the trend over the last few years has been quite the opposite. California has lost its former position of leadership in the country and now ranks 47th in the Nation in school expenditures. The current per capita investment is a little bit above $4,200 per pupil and has not been growing as other States. California spends about 60 percent less than New York per pupil. It restricts the State spending by a complex formula based on population and inflation, and the ceiling it imposes prevents the growth of the State school budget in spite of the fact that 100,000 new students register annually.

It also limits the funds to increase teacher pay and to adopt other necessary school reforms. This is at a time when the elementary school enrollment of Hispanics in the Los Angeles area, for example, is 60 percent, while enrollment for whites is only 15 percent.

Hispanic children tend to have a limited proficiency in English. Projections show that by the year 2000 there will be about 2.6 million of these children in the country, most of them residing in California, Texas, and New Mexico.

At the same time, projects to extend bilingual education have been losing ground nationwide. California's Governor George Deukmejian vetoed this year the continuation of the bilingual education program, A.B. 507, which had been in existence since 1980 and expired in June of 1987. Much has been argued against bilingual education and its ability to serve as a transition program able to successfully carry children from their family environment to their full integration in society. The truth remains that bilingual education is still regarded by most minority educators as an essential educational tool that should be improved but never bypassed. Aware of this need, the Los Angeles Unified School District has maintained their bilingual programs, but the national trend towards "English only" and the lack of State support makes its existence a very precarious one.

There are other problems affecting the elementary school system. The irregular enforcement of Federal court desegregation decisions has had many consequences: almost no Federal desegregation assistance funds and an increasing proportion of Hispanics in certain schools. This trend will most likely continue in the future.

The segregation of Hispanic school children varies by region. It is most severe in some of the areas most heavily populated by Hispanics, such as New York, Texas, and New Jersey, but California is not much better. Currently, the Los Angeles Unified School District has a public school enrollment of about 600,000 students. This makes it the second largest in the country. And of the 230 public schools, 145 have minority enrollment of over 50 percent.

Nevertheless, attendance in a school with limited numbers of nonminority students is not the only way that Hispanic students are segregated. Even within integrated schools, Hispanic students may be segregated by classroom assignment patterns. Special education, bilingual programs, and sometimes English as a second language programs are used in ways that lead to segregation of Hispanic students within the school.

Although the State can provide high-quality university and college education, high schools have done a poor job in preparing students for higher studies. We have witnessed a decade of declining performance in California high schools and a major change in the composition of the student population. The master plan of California that encompasses community colleges, colleges and universities, had not anticipated this either.

From the 18,000 Hispanic students graduating each year from high school in Los Angeles County, only 5,500 enter an institution of higher education. And only 7.5 percent of the 30,000 students enrolled in the University of California system, for example, are Hispanic. That compares poorly with the 15.3 percent of the students of Asian descent. Even fewer are able to graduate from colleges and universities.

The dropout syndrome has been profusely studied. We know the reasons that cause it: lack of properly trained teachers, less money per student from the State; the wrong curriculum; class size; counseling or lack of counseling; principals are promoted for their administrative abilities and not for their ability to inspire teachers and students; enrollment below grade level, etc.

Teachers with misconceptions about their students' cultural and racial characteristics is another factor. Furthermore, there has been a slow progress towards employment of those teachers who could better understand the needs of Hispanic students: the Hispanic teachers.

From 1977 to 1987, only 7 Hispanic teachers have been added to the 275 previously working in the Los Angeles district. The reason for such a small increase is that qualified Hispanic teachers are not available. This is a good example of the accuracy of the metaphor of education as a sieve.

It also exemplifies the perpetuation of the cycle of undereducation. There are not enough Hispanic students in higher education, and consequently, there is a lack of Hispanic teachers who, in turn, would be better suited to help the younger Hispanic generations to accomplish educational goals. As a result, our public school system has only 10 percent of Hispanic teachers, in spite of the fact that 58 percent of the students are Hispanic.

The same is true in the Los Angeles community colleges and at the higher education level. The San Fernando Valley College constitutes a typical example. It has a high percentage of Hispanic enrollment and only a handful of Hispanic teachers.

In California the dropout rate for high school students, for example, is over 30 percent, but for blacks and Hispanics it's much higher. In the Los Angeles area alone, the dropout rate for Hispanics is 50 percent. They also leave school earlier than do other groups of students, and nothing effective has been done until now to avoid this constant hemorrhage that threatens to deplete the Nation's human resources of the future.

It is important to consider that the dropout rate is increasing in times when a high school diploma does not open many doors in today's labor market. Gone are the times when high school graduates could find good-paying jobs in manufacturing, agriculture, and transportation. These positions are disappearing by the millions. Higher studies are increasingly required for well-paid jobs. The future of today's Hispanic children is, therefore, limited, and should society continue its current course, they will always be at a competitive disadvantage.

Present policy should consider the long-range consequences of educational programs. The business sector has by now recognized the problem and has taken initiatives to serve as a substitute teacher. This is not so much an example of altruistic behavior but simply a practical solution to the deeply troubling scarcity of qualified personnel. They have also realized that, as opposed to the Japanese, that Americans have not invested enough in human capital. They have tried to solve their serious problems of competitiveness by pouring money into capital equipment without realizing that only through investment in people can real economic success be guaranteed.

They have also linked the gargantuan deficit and our foreign debt with the inability of the American work force to compete effectively in an integrated world economy. They have realized, in short, that illiteracy goes hand in hand with the larger problem afflicting our national economy. Evidently, the needs of the American workplace and the needs of the disadvantaged coincide, and their fulfillment will have to merge soon. If not, we will live in an even more divided society than we do now.

We believe that fundamental changes in the philosophy, structure, and practices of schooling are necessary if the public schools are to do a better job of educating Hispanic and other minority-group students. Equity and excellence must be viewed as twin and inseparable goals.

There are education reforms dating from 1982–83, as well as the Senate Bill 813, which will tighten up curricula, attempt to reduce dropouts, and increase standards for admission to higher education. But meaningful results of this action will take almost a decade to appear. Therefore, other contributions will have to come up to change the present course of the national education system.

But much more needs to be done, and without help from the Federal Government, that will not be achieved. The Federal Government has to reaffirm its longstanding commitment to ensuring the disadvantaged access to quality education. As the institution that sets the tone and direction of education, it should work towards change by establishing and funding demonstration projects in early childhood education, dropout prevention, and other related programs. Federal leadership is needed at this time, at the very least to help point the way for States that do not currently support the programs targeted to better education.

If funding is needed for preventive and remedial programs in order to provide equal access to all eligible children, so are continuous assessment and tracking of data to assure that reforms and special programs operate effectively. This is best accomplished at the national level. Therefore, it is more important than ever for the Federal Government to fund high-quality research, development, evaluation, and technical assistance.

At the same time, the Federal Government could also change the capital incentives awarded to business and industry. Until now they have come in the form of increased spending on plants and equipment, but a shift towards incentives on development of human resources will open up a wide avenue of possibilities. This will not only give way to private sector ingenuity, but it will also share the financial burden of education with government, a most important partnership in times when public and private schools' funds have been declining in real terms since 1971.

This nation of ethnicity and social flux is changing again. It is becoming less white and more Spanish speaking. This shift is so significant that the education of Hispanics has become an issue of utmost importance, not only within the context of civil rights, but for the greater political and economic interests of the Nation. This implies that although the current lack of equity for Hispanics in American schools is not due to an inherent flaw in the educational system, it poses a dual problem of economic and moral nature. To solve it, a fundamental question has to be answered, and that is: What kind of society do we, as a Nation, aspire to be?

If for no other reason than the national economic survival, the education gap between Hispanics and non-Hispanics has to be narrowed. People, not machines, are the driving force behind economic growth. Fortunately, it seems that building up human capital has finally become a national priority and entered the political area because, during this last presidential campaign, both candidates labeled themselves as "The Education President." Now, for the sake of America's future, we hope the Bush administration will deliver its promises.

Thank you.

COMMISSIONER BUCKLEY. Thank you.

Mr. Snider.

Statement of Bill Snider, Reporter, *Education Week*, Washington, D.C.

MR. SNIDER. Good morning. I wish to thank the Commission for inviting me to testify this morning. I must, however, add the disclaimer that nothing I say here should be construed as reflecting the views of my paper or its editorial staff. *Education Week* takes no editorial stance, and I strive to be at least as objective as Dan Rather.

[Laughter.]

Of course, we all know why journalists are not usually invited to present testimony at forums like this. We tend to oversimplify very complex phenomena, and our hypotheses have not undergone the rigors of scientific scrutiny. Nevertheless, at the risk of making some overly broad generalizations, I'd like to offer the observations that I've formed during almost 4 years of covering school desegregation and equity issues all across the Nation.

Educators are on the frontlines in dealing with the demographic changes sweeping our nation. They have also borne the brunt of integrating society. The media has made much of the fact that California's student population is expected to have more nonwhites than whites this year, leading to such awkward terms as "majority minority." But many urban school systems crossed that line years ago, and the track record of educators forced to confront this phenomenon has not been very promising. Recent reports that the gap between the academic performance between whites and minorities is closing have shown only marginal gains that would have to be sustained for decades to close the gap.

While the Nation has made great strides in desegregating individual schools, we have, in effect, simply moved to segregated school systems. The presence of large numbers of minority school children in many of the Nation's urban districts has had some positive effects to be sure. Most notably, it has produced a generation of school administrators who have had to become more sensitive to equity concerns than their predecessors have been. This has been particularly evident in places like Little Rock, St. Louis, Kansas City, and

Milwaukee, where school districts have been the driving force behind lawsuits seeking greater equity.

The analogy between segregated schools and segregated districts holds up in the resource area, which was the primary motivation behind the original drive for school desegregation. As urban districts have become more heavily minority, they have not seen a commensurate growth in the resources needed to educate these children, who typically have a much higher proportion of learning difficulties than their rural and suburban counterparts. Part of the reason for this is the much greater number of public services that compete for tax dollars in urban areas.

Another part is a variety of factors that have forced the middle class and their tax base out of urban areas. Even with the increased roles that States are now playing in funding education, most urban districts have fewer dollars available per student than their neighboring suburban districts. This obvious disparity has led people like Judge Russell Clark, who oversees the Kansas City desegregation case, to order that that district's schools be brought up to what he called suburban compatibility.

It is also the driving force behind the new wave of school finance litigation that we are seeing. The inequality of resources between predominantly minority urban districts and predominantly white suburban districts is one of the fundamental issues this nation is going to have to address if we are ever going to see truly equal opportunities for all people in this country.

Demographic trends have also thrown a wrench into the idea that racial mixing can be promoted through mandatory busing. Civil rights leaders and their new allies in school leadership posts have basically split into three camps on how to address this problem. The lines are blurred, and two or even all three of their strategies can be seen in some school districts these days.

The first camp is those that advocate metropolitanwide desegregation. We are seeing a number of new efforts to involve suburbs in metropolitan desegregation plans. Superintendent Bennett in St. Paul has just recently put forward a plan to involve his suburbs in a desegregation plan. Commissioner of Education Terozzi in Connecticut is talking about cross-district busing, and there are probably half a dozen other educators who are talking about it and have the authority to do something about it.

The other two camps are concentrating on educational improvement, largely giving up on the idea that racial mixing is the primary equity issue in education. One camp argues that better schools and equal access can be brought about through choice. We are seeing a lot of school districts now that are looking at or adopting something called a controlled-choice plan, which requires all students to choose their schools and often includes some sort of balancing mechanism so that all the schools become balanced within certain guidelines.

I might add that we are likely to see a growing movement against the partial-choice plans that are typified by magnet schools. While only one or two credible studies have measured the gap in resources and student performance that separate magnets from nonmagnets, there is a widespread perception that these plans have produced dual school systems. Parents will go to extraordinary lengths to get their children into magnet schools, and they will do everything they can to avoid going to the neighborhood schools. We are seeing a lot of pressure for expansion of the most popular magnet schools. But many experts say this issue will only be resolved if these districts move to a systemwide choice system.

The third camp is an extension of what could be called the *Milliken* idea that first emerged in Detroit. If the schools cannot be mixed racially, then the schools that are predominantly minority should be granted greater resources to compensate for the educational deficiencies that these kids have faced over history.

There are quite a number of black leaders in this country that are turning their backs on traditional school desegregation because they feel that, by distributing students throughout school systems, they have lost a lot of their power to influence school decisionmaking, to make sure there are enough black teachers in the classroom, etc. We are seeing this particularly clearly right now in Little Rock, which had adopted a controlled-choice plan a little over a year ago and is now talking about disbanding that and creating a ring of predominantly minority schools that would have twice the resources of the other schools in the district. But if this type of system is approved on a widespread basis, we could end up having some terms like "separate but more equal."

The one thing that all these strategies have in common is that they cost more than traditional busing plans. That may be less obvious for things like controlled choice, but most equity experts agree that you have to spend a lot of money to inform parents about how to make school choices; you've got to make a great effort to get them involved in their children's education in a much different way than they have been in the past. In the past, they have simply sent their kids and assumed that the schools would take care of them. Now, you're asking them to actually make choices about how that kid will be educated.

The issue of how these things will be paid for is one of the things that the courts are currently wrestling with. A growing number of States are being ordered to pay millions of dollars for efforts to improve inner-city schools. In Kansas City we have a unique phenomenon where the judge has ordered a property tax increase, which has been upheld by the Eighth Circuit. We may see more places try to do that. A third way the courts have responded is typified in Savannah, Georgia, where Judge Edenfield more than a year ago approved a very comprehensive magnet and school improvement plan. But the voters rejected a property tax increase, and he allowed the plan to be scaled back dramatically and still put his stamp of approval on it.

You will notice the people who are making most of these decisions still are predominantly the courts. I think that there are still very few policy makers that are taking the initiative and taking the actions necessary to avoid lawsuits. It is very important to remember that equity is as much a matter of perception as it is of law. As long as minorities feel that the courts are the only place they have to turn to to seek redress of inequities, then we are going to have confrontational rather than cooperative efforts to solve these problems.

Now, of course, as I have mentioned, Commissioner Terozzi in Connecticut and Dave Bennett in St. Paul and some other school leaders are taking the lead on some of these issues. But I think that's a rare phenomenon. Unless, of course, you begin to look at the recent reform literature. What it really seems to be talking about is equity, although it rarely raises that issue. They talk mostly about the one-third of the graduating class of 2,000 that are going to come from groups that are not traditionally well-served by the public schools. It's less of a racial issue than an economic issue from most of these reports. And the problem with dealing with equity through the court system is that you have to use minorities because that's who are offered constitutional protections.

Most studies show that income is really a much larger factor in how well students do in school than race is. If this new reform movement manages to reach some of its goals and implement its recommendations for things like early childhood education, which would help to overcome the historical disparities in educational achievement, maybe civil rights will become a moot issue in education.

Thank you.

Discussion

COMMISSIONER BUCKLEY. Thank you very much.

We now proceed to our questions part of this panel, but before I do so I would like to make mention of the fact that our Chairman has now joined us, Commissioner Bill Allen.

CHAIRMAN ALLEN. Let me take the opportunity to apologize for joining you late.

COMMISSIONER BUCKLEY. And we will go ahead and begin with the questioning, and we will begin with Commissioner Friedman.

VICE CHAIRMAN FRIEDMAN. I think the tenor of my questions will be geared generally for the next 2 days into questions of how we may develop new kinds of approaches to supplement the traditional approaches that we have been using in civil rights remedies. Therefore, I may ask this question again. But with regard to the issue of public education, I am just wondering whether any of the panelists, particularly those who have focused on education, will comment on the concept of the use of educational vouchers as a vehicle for improving the quality of education and providing more choice.

I would remind you that one of the two thrusts of the early school desegregation movement was not only to deinstitutionalize segregation under law, but it was also widely hoped that through such mixing of races we would also improve the achievement levels of minority-group children.

Therefore, I am wondering whether that strategy—mixing, so to speak—and I must confess I was very much a part of that movement as a young civil rights worker in the South—whether we ought now to be moving in the direction of educational choice as a 1990s strategy for dealing with improving equal educational opportunity. Any of you can shoot at that.

MR. SNIDER. I think, as you all know, that support for things such as vouchers is very strong among communities, and I think more so among the minority community. But the reality these days—

VICE CHAIRMAN FRIEDMAN. But very much opposed by black legislators in Washington to my knowledge.

MR. SNIDER. Well, most policy makers, I think, for whatever reason, think that vouchers would simply serve to drain tax dollars from the public schools, that unless there is a way to replace those dollars and make sure that the public schools continue to be able to be competitive with private schools, it's out of the question in the near future.

VICE CHAIRMAN FRIEDMAN. May I take another question? Which way do you want to go?

COMMISSIONER BUCKLEY. How about, let's say, two or three questions, and then go on. I'm trying to give you about 5 minutes each.

VICE CHAIRMAN FRIEDMAN. Let me try this one. I have four or five questions. I guess this is most especially addressed to Ms. Herrera.

Much of your discussion of the issue of dealing with the question of minorities in education has to do with the failure of external forces—not enough Hispanic teachers, not enough money—a variety of forces external to the community.

Some of us have begun to wonder, in addition to the obvious need for more money and early childhood education, the things that the outside world can pour into the process, how minorities themselves can begin to organize or have already begun to organize themselves in order to deal with the problems that they face. One of the people we will be hearing from this afternoon is Mr. William Green from my own city of Philadelphia who, together with his wife, has created a private school system, predominantly black private school system, in which 93 percent of the kids at one point, I was told, go on to college.

In other words, historically, minorities have not only had to deal with what the world outside is going to do for them, but they have to sort of organize themselves under conditions of adversity and difficulty. And I wonder what role that must play or should play in the coming years with regard to issues of this kind.

MS. HERRERA. I think it should play an outstanding role, because undoubtedly, without engaging the family and the community, there is not going to be a radical change in education.

I understand the National Council of La Raza has already begun organizing community-based organizations and other projects that have proved successful. Without the participation of the family, as I said before, it is impossible to achieve the educational goals of the students. It is particularly difficult with Hispanic families, since they tend not to speak English, so it is very hard to involve them in community activities, and they are plagued with a number of socioeconomic problems that require a special skill on the part of the organizers to involve them effectively in the educational process.

So, yes, I think historically there has to be a shift and, if not an entire shift, at least one has to place a stronger accent on the participation of family and community.

MR. SNIDER. I might add that I've noticed that groups like the National Urban League have begun to play major roles in school reform, and they are behind some of the most notable efforts we've seen in places like Rochester and Dade County.

VICE CHAIRMAN FRIEDMAN. Is that verbal or is it actually getting translated into practical efforts?

MR. SNIDER. In those places in particular, they are embarked on very radical reform strategies that the Urban League was key in getting implemented.

COMMISSIONER BUCKLEY. Commissioner Guess.

COMMISSIONER GUESS. Thank you, Madam Chair.

Ms. Hampton and Ms. Herrera, one of the issues that emerges here as we look at the media today is the role of the minority media. We have a Spanish-language newspaper, which is obviously oriented toward a specific audience. We also have minority newspapers, black newspapers, even here in Nashville.

What is the role for the minority media, the black media? Should we continue to have community-based or black-oriented newspapers, or should the emphasis now be to move, as you've talked about, through the more traditional mainstream papers?

MS. HAMPTON. First, I should probably say that these are my personal views I'm giving. These do not represent the paper to any degree at all.

COMMISSIONER GUESS. I understand.

MS. HAMPTON. Personally, at this state in time, I think there is still a role for having a minority newspaper in the community. Although the *Banner* and other newspapers are diligently working to try to include the minority community in their readership and in the stories that we cover, admittedly we come up short. And you see a lot of stories that are generated in the minority community that appear in those newspapers.

The reasons why, I think, are a lot of different reasons, and part of the fact is that many of the reporters do not live in the black community or in the minority community, and they don't know what's happening in that community. We try to encourage readers to call the paper and tell the paper about different things that are going on, but often they do not. And because of that, we learn of a lot of different things through the different minority papers in Nashville, as well as I also try to keep abreast of the minority news in other newspapers in other cities.

I was a reporter for the *Atlanta Daily World*, which is a weekly black newspaper in Atlanta, and I had done my internship with the *Atlanta Journal and Constitution*, so I have been on both sides of the issue. The things we were interested in at the *Atlanta Daily World* were entirely different from the things we were interested in when I was working for the *Atlanta Journal and Constitution.*

And it's because of the audience; it's because of the readership that you are gearing toward. When we wrote stories with the *Atlanta Daily World,* we were gearing for a specific audience. If it was a story about funds that were going to be cut back at different schools, then we were gearing for a specific audience. We weren't looking at the entire broad picture. And the reason is because the black community has for so long been left out of that broad picture that they decided, "We're going to start our own newspaper and address the issues ourselves."

COMMISSIONER GUESS. Does *La Opinión* also print an English-language edition?

MS. HERRERA. I was going to tell you about that because our newspaper is not only oriented toward an ethnic minority but also a linguistic minority. We are the source of information for many Hispanics living in southern California, or at least in the Los Angeles and Los Angeles County area.

The fact is that Hispanics who do read English prefer to buy other English-language newspapers. Our problem actually that we are trying to solve now is how to reach the English-speaking community, particularly to inform them on the issues that are generated in the community. So now we are contemplating the possibility of publishing in English a summary of our editorials and also the main issues that we cover in the areas of education, immigration, etc.

COMMISSIONER GUESS. Mr. Graham, on the issue of broadcast media, there has been talk as to the relaxation of the rules through which the FCC provides an incentive for minority-owned companies to buy broadcast properties. What is your feeling on that? Do you think there should be, under the auspices of the FCC, a continued emphasis on allowing minorities an incentive to purchase broadcast properties?

MR. GRAHAM. First, let me say that polls show that a majority of the people get most of their news from broadcasting. And in a sense, your question earlier about minority press overlooks the fact that people are getting a lot of their information from broadcasting. And that makes it very important that broadcasting reflects the points of view and provides the information that is of interest to minority populations. Because if they are not getting it from broadcasting, for the most part a lot of them are not going to get it. And that makes your next question very relevant.

I can't answer the question as to what result minority ownership has in providing that, Mr. Guess, because I have never had any association with a minority-owned broadcasting station, so I just can't answer that.

The key is going to be whether the nonminority-owned broadcasting outlet, such as the one that I'm with here—whether they are going to do that. And there's a problem, and that is that broadcasting tends to want to reach the broadest audience, and it's not the nature of television broadcasting to target its information at any group—racial, ethnic, or others. So there's a problem there.

COMMISSIONER GUESS. I think at one time there was a great deal of emphasis on the part of broadcast properties to respond to petitions to deny, and they had an obligation to take community ascertainment surveys, etc. And my feeling is that has been somewhat relaxed over the past few years. Do you think a stronger regulatory emphasis on the part of the FCC broadcasting to target its information at any group—racial, ethnic, or others. So there's a problem there.

COMMISSIONER GUESS. I think at one time there was a great deal of emphasis on the part of broadcast properties to respond to petitions to deny, and they had an obligation to take community ascertainment surveys, et cetera. And my feeling is that has been somewhat relaxed over the past few years. Do you think a stronger regulatory emphasis on the part of the FCC should be reoriented towards petitions to deny and the whole community ascertained?

MR. GRAHAM. I think technology is going to take care of a lot of this. What we are learning now in broadcasting, particularly in television, is there are going to be so many channels available through cable—and this is outside the process that you're talking about—that I think it's going to become moot as to television broadcasting.

Radio, yes. It seems to me that that's going to remain very live because I think minority radio broadcasting has been very important and very influential whereas it hasn't been so much in television.

COMMISSIONER GUESS. One final question, Madam Chair.

On that point, the shock radio that we're having now, which is in many instances racially oriented and offensive, which is put out over the public airways—do you think there should be a regulatory focus on the content?

MR. GRAHAM. I have a very strong feeling against regulation based on substance. I think it's unconstitutional. The courts say that at some point there's a question where it gets into the realm of obscenity. That's a long way down the road.

I think probably the marketplace has to take care of that in the end. I think we have a decent society. There's a pattern to this, and it is in every community I've ever lived in. At some point some guy goes too far, there's an outcry, and immediately everybody backs down and sanity reasserts itself, or relative sanity.

COMMISSIONER BUCKLEY. Commissioner Chan.

COMMISSIONER CHAN. I have a question directed to Mr. Graham. When you mentioned the minority set-aside program and you also had mentioned this particular program has to be incorporated, is that to limit the liability or what?

MR. GRAHAM. I think it's tradition, Mr. Chan. I think traditionally American business is operated through corporations. And traditionally those corporations have been permitted vast secrecy. There is no legal right to determine the true ownership and control of a corporation.

Now, I think a mistake that has been made by government when it sets up some of these minority set-aside programs is to simply accept, as if it's ordained in some way, the secrecy that comes with a corporation. I see no reason why that should be true because it's an invitation for abuse to do that.

And the program that has been instituted here in this community is called a minority and disadvantaged combination. I don't know how they're going to know how disadvantaged the owner of a corporation is because they are not required to. All you have to do in regulation is say, "You cannot qualify here unless the ownership and control is fully disclosed."

COMMISSIONER CHAN. Thank you.

Ms. Hampton, you have informed us that, roughly speaking, there's about 4 percent of minorities in the supervisory level, and my question is this: Would affirmative action still work by applying it to all the private sector organizations and also in the news media too?

MS. HAMPTON. I think it will still work. I think part of the problem of what we see in print journalism is the fact that in order to work up to the supervisory level you have to pay your dues. And when you look at when affirmative action came into play and with the civil rights movement, the black reporters that are on staff are just now getting to the point where they're paying their dues.

But when you get up to a certain point, what has happened—and even with a lot of the reporters that I know—is you get tired of being a reporter all the time and not moving up, so you have so many people who are minorities who have been in the business and who decide, "I just can't keep doing the same thing, and I'm not moving." And they get out of the business. So they never get up to the point that they will move into the supervisory positions.

For example, at the *Banner*, we do not have any minorities who are in supervisory positions, and part of the problem, as I said, is because people do not stick around in the business long enough to move up into that level. And I would hate to see it get to the point that you bring someone in who is a talented reporter, and because they are a minority, you just automatically say, "Okay, we're going to make you an editor," because it doesn't work like that. You have to know what you're doing.

As I said, you can't just come in and have the job because you are a minority. You are going to have to produce. And in order to produce in an editorship capacity, you're going to have to have paid your dues as a reporter.

But it does get a little disheartening after 5, 6, 7 years of being a reporter and having covered everything in the spectrum and you're still doing the same thing that you were doing 5, 6, 7 years ago.

COMMISSIONER CHAN. What you are saying is the news media do not have an affirmative action plan per se.

MS. HAMPTON. Well, our paper is privately owned. You bring people in. We hire blacks and all minorities. But you can't get them to stay around long enough to move into that area. Not everybody wants to be an editor. I have been at the paper for almost 5 years, and I'm not interested in being an editor. But I have been approached twice about moving into an editorship position. But because that's not my interest, I don't feel I should automatically just move over there because I've gotten to this point in my career.

I'm interested in something altogether different. I'm interested in being a reporter, but I'm also interested in issues such as this and working with the minority youth program. But it's not an affirmative action as to say, "You work here 5 years and you're a minority and you're going to become an editor." It's not a written policy. It's more upon skill.

COMMISSIONER CHAN. Thank you. You just answered most of my question.

Ms. Herrera, you're from California.

MS. HERRERA. Yes, I am.

COMMISSIONER CHAN. I am also from California, and I've been in the minority education field too.

I understood one of the hangups in the tightening up on the education reform—if we tighten up the curricula, there are more dropouts because you try to improve the quality and so on. What is your opinion on how to improve it? I'm sorry to say mostly this obviously applies to Hispanic society too.

MS. HERRERA. Actually, it is true that the current movement based on excellence, for example, could cause perhaps a devastating effect on minority students. I think that less attention should be paid to a standardized basic course, for example. Also, I find that this tightening up of curricula and the demand for excellence tends to homogenize the content of education, a content that will exclude minority perspectives and contents that treat diverse students' needs as if they were one. I think there should be particular attention paid to that and perhaps alter the terms in which the current stress on excellence is being addressed in the country.

COMMISSIONER CHAN. Thank you. I have one short question to ask Mr. Snider since we are short of time.

So much for the education deficiency or inequality. Now, in less than 60 words, can you tell me what do you have in mind to improve it, to describe it in less than 60 words?

[Laughter.]

MR. SNIDER. Well, I don't have anything in mind myself, but I've heard talk in a number of States about the possibility of school districts suing States on the grounds that States have raised the hurdles without providing resources to help minorities get over those hurdles. I think we are likely to see that within the next year.

COMMISSIONER CHAN. Thank you.

COMMISSIONER BUCKLEY. Mr. Jenkins.

MR. JENKINS. One quick question to Mr. Snider. The theme under consideration is "Changing Perspectives on Civil Rights." And in keeping with Commissioner Chan's question, to switch for a second, "Changing Perspectives in School Desegregation," we're going from *Brown* v. *Board of Education*, simply desegregated facilities, to the freedom-of-choice plans, to the metropolitan remedies, to where we have now the situation that you described in Kansas City where a Federal judge has stepped in there and ordered a property tax to develop magnet schools that only deal with the inner-city school system.

How can we bring in those suburban school districts, given the tenor of the *Milliken* case, given the tenor of what is happening in Dade County, the Hillsborough case, and *Charlotte* v. *Mecklenburg*? How do we do that?

MR. SNIDER. Of course, they are trying to do that in Kansas City without a lot of success. There aren't a lot of people willing to move from the suburbs to the city. I think if you look at districts like Cambridge, Massachusetts, or District No. 4 in Spanish Harlem, you will find that they are attracting significant numbers of white students, just on the basis of having better educational programs than their suburbs or the private schools.

MR. GRAHAM. Mr. Jenkins, I might say here I think there's going to be a new ball game in the Supreme Court. I think George Bush is going to remake the Supreme Court into a vastly more conservative tribunal than we have known over the last 20 years. You rattled off the names of some cases, really, and generally speaking in the Supreme Court, from *Charlotte* v. *Mecklenburg*, generally, it has limited the wide-ranging busing programs.

But I would think that the Kansas City case is going to get a very interesting reception from the Supreme Court, which is more conservative than it was in the last decade, and we're going to see it get much more conservative. So all this is up for grabs.

COMMISSIONER BUCKLEY. That leads to my question. I was going to ask you, in your term as Supreme Court reporter and correspondent covering the Supreme Court, would you be willing to offer at this point a recommendation to the Supreme Court as to what they should be looking at in their court cases, what they should be addressing?

MR. GRAHAM. Well, you know, there has been an interregnum at the Supreme Court. If you think back, the Supreme Court has, I think deliberately, shied away from school desegregation cases. You will recall that the Supreme Court was confronted last year with conflicting cases on whether or not a school district which has been under a court order to desegregate—in this case I think there were two; one was in Oklahoma City and the other was in Virginia, Newport News—

MR. JENKINS. Norfolk.

MR. GRAHAM. Norfolk. And you will recall, at the same time the Court received conflicting decisions. Norfolk said, "Yes, having attempted to create a unitary school system over a period of years, you can quit," or at least to a certain extent. The Eighth District said, "No, you can't quit."

Confronted with those conflicting decisions, the Supreme Court, by all its normal procedures, should have taken the case and resolved it, and it kept hands off.

My sense was that the Justices saw that the Court is in for a vast change of personnel, and they said, "We're going to wait until there's a new court." We're going to see a new court, I think, within the next couple of years, and then they will move in and start to deal with these issues.

COMMISSIONER BUCKLEY. Do you have anything to recommend to this new court is my question?

MR. GRAHAM. No.

[Laughter.]

COMMISSIONER BUCKLEY. Okay; I was kind of hoping.

MR. GRAHAM. Unfortunately, they don't have any reporters on that court yet.

[Laughter.]

I've always stood willing to go if it comes to that.

CHAIRMAN ALLEN. It's not ruled out, though, you know.

MR. GRAHAM. But I'm a lawyer, too, so I get to wear two hats.

COMMISSIONER BUCKLEY. I'd like to publicly at this time commend Ms. Hampton and her newspaper on what they are doing with that summer youth internship program. I think it's a great idea, and I wish other newspapers across the country were doing it, not only for minority students but just for all students, because that would help the dropout rate a lot. And please be sure that you convey to your newspaper that I really think it's great and hope you continue doing something like that.

Ms. Herrera, I have one question, and then I will finish this part of the program. In your role as the women's section editor, what do you see as the emerging issues for women? We've addressed education, which of course covers women there, but for women's issues, for the civil rights issues, what do you see there in the future?

MS. HERRERA. For Hispanic women?

COMMISSIONER BUCKLEY. Yes, Hispanic women, but I think all women, too, because the woman's role is going to change. The demographics are out there for you, too.

MS. HERRERA. I think, again, the basic question would be education, since in the future the labor force—I think the trend can currently show that most of the labor force will be composed of women, minority women, and among those minority women, of course, will be Hispanic women. And for that they will need to be equipped, and that can only come with education. So I would say that education in general, the need of the country, will also be for women the major thing.

COMMISSIONER BUCKLEY. Thank you.

Now we're ready for you.

CHAIRMAN ALLEN. Thank you, Commissioner Buckley.

I want to thank the panelists this morning, repeating my apology that my travel schedule made it impossible for me to be here at the outset.

I also want to say to the rest of you that you were promised a 15-minute break, and we do keep our promises. We will, therefore, reconvene at 11 after recessing. And I will say to Mr. and Mrs. Green, Kilgore, Smoak, and Weinstein that we will not take that additional time out of your hide. My colleagues know very well that when we spend, we also have to pay back. So it will be the Commissioners who will accommodate this adjustment in our schedule. We will recess now until 11 o'clock.

[Recess.]

Breaking the Barriers: Education and Skills Development

CHAIRMAN ALLEN. This forum of the Commission on Civil Rights will convene. We have before us a panel to address the topic, "Breaking the Barriers: Education and Skills Development."

I am aware that Panelist Weinstein has rather a tight schedule, and to accommodate that I'm going to begin at that end and allow her to go first—I still intend to make certain that you can get out of here by 12:30, but just in case. So I'd like to introduce Diane Weinstein, Acting General Counsel from the U.S. Department of Education.

Statement of Diane Weinstein, Acting General Counsel, U.S. Department of Education, Washington, D.C.

MS. WEINSTEIN. Thank you. And thank you for the opportunity to address the Civil Rights Commission on "Changing Perspectives on Civil Rights."

My prepared remarks consist of brief descriptions of several emerging civil rights issues related to changing demographics in education that the U.S. Department of Education has observed and that I think are worth watching.

When we speak of civil rights enforcement, the first thing we usually think of, and the subject of most of my remarks here, is enforcement of laws prohibiting racial discrimination. You should understand, however, that the pattern of complaints received by the Department's Office for Civil Rights indicates that in the education area, at least, handicap and not racial discrimination issues predominate.

In the past 5 years, the number of complaints based on handicap received by OCR has steadily risen. In fiscal 1988, 53 percent of OCR's new complaints alleged solely handicap discrimination. By contrast, until 1988, the number of race-based complaints generally declined. Even with this year's increase in the wake of passage of the Civil Rights Restoration Act, racial-discrimination-only complaints amounted to only 18 percent. The prior year, only 14 percent of OCR's complaints were Title VI race-based complaints. Thus, I think for the foreseeable future, when educators speak of Federal civil rights enforcement, they will more frequently than not be speaking about the laws related to handicapped students.

The first issue I'd like to discuss concerns the means by which we achieve educational equality for minorities in the Nation's public elementary and secondary schools. As you know, the civil rights efforts after the *Brown* v. *Board of Education* decision were concentrated on eliminating *de jure* segregation in the public schools. The desire for rapid desegregation led courts and policy makers to impose and implement desegregation plans designed to create a proper racial mix in the public schools.

I think this numbers-oriented policy by its own terms has largely failed in the sense that the desired numerical ratios have not been achieved. More important, I think it has not secured the equality of opportunity that was its initial goal. By focusing so heavily on the statistical composition of school populations, these mechanistic approaches to educational policy may have sent the message that parents' concerns for educational quality were secondary. I believe these concerns, which included opposition to busing as a remedy, played a greater role than simple racism in provoking the exodus of the children of middle and upper class parents from urban school districts to suburban or private schools. In any event, despite full implementation of desegregation plans in many large school districts, the schools in those districts are often more racially and economically homogeneous today than they were in the fifties.

I firmly believe that, by and large, today's parents are not racists and that they will gladly place their children in a racially mixed school if the school is safe and offers a good education. This is evident from the success of magnet schools. We see today parents of all races and income levels competing intensely to place their children in these integrated high-quality schools. The magnet school's success story shows that effective public school integration may be accomplished without race-conscious student assignments.

One imperative is clear from this experience, however. Every school should strive to be a magnet school for the children of its community. The Education Department has identified what it takes to achieve this. The basics are solid and, most importantly, a challenging curriculum, parental and community involvement, and teachers and administrators committed to firm discipline and character education. We are convinced that this formula works for virtually all students, regardless of race, national origin, sex, or handicapping condition.

The true story described in the movie *Stand and Deliver* refutes the notion of many that disadvantaged or minority students cannot benefit from a demanding education. The movie portrays the experience of Jaime Escalante, a math teacher whose efforts helped his inner-city Los Angeles high school students develop a love and a capacity to learn that allowed hundreds of them against great odds to pass the advanced placement calculus exam, a better record than that of all but a handful of other high schools in the United States. Even my jaded 16-year-old son, who saw the movie three times, says it is the best movie that he has ever seen.

I also recommend that you read the stories of successful inner-city schools contained in the Department of Education's recent book, *Schools that Work*, a copy of which I am submitting for the record. If the Nation's educators will try some of the methods described there, taken from actual examples of what is being done these days in the schools, I think we will accomplish far more for the cause of equal opportunity and full realization of individual potential than the desegregation plans of the seventies ever did. I believe the experiences related in the publication reinforce the conclusion that the numbers that count are those that measure our children's educational achievement in serious academic settings.

Another emerging civil rights issue in the public schools alluded to in the past discussion concerns the circumstances under which OCR or the Federal courts will declare a school district desegregated, such that continued external monitoring or supervision, for example, under OCR-negotiated or court-ordered desegregation plans, is no longer justified. There are many school districts around the country that have undertaken substantial efforts to desegregate their schools and have fully carried out their planned commitments, yet remain subject to detailed and sometimes oppressive desegregation plans.

Although a few Federal courts have declared such formally segregated school districts unitary and released them from court-ordered plans, as you have just heard, other courts have refused to so hold. Moreover—and this is a problem—there really exists no universally recognized legal test for determining when a school district that previously practiced *de jure* racial discrimination has become unitary and may be returned to local control. Nor is it clear who is most interested or best situated to take the initiative, which may be expensive and time consuming in this area. Early this year, for example, when the Department of Justice filed motions to release several school districts from their plans, some of the affected school districts who were concerned about the legal costs required by such an effort ultimately declined to participate.

The next issue I'd like to discuss is minority participation in higher education. There has been a lot of discussion recently about the number of blacks and other minorities participating here, both as students and as teachers. Although the high school completion rates of black students have increased over the last decade, the percentage of these graduates attending and completing college has not, despite some fluctuation, similarly increased. Hispanics have fared somewhat better, earning more degrees in 1985 than in 1977. However, as of 1983, only about 10 percent of the instructional faculty in institutions of higher education were nonwhite, compared to 9 percent in 1981.

The reasons often suggested to account for this situation, or what you read in the press generally, is inadequate financial aid for low-income students, too few minority faculty members serving as role models, discriminatory college admission and hiring policies, and campus atmosphere is generally hostile to minority students.

Although I can't evaluate the precise significance of each of those factors, let me suggest an additional cause that, while often overlooked, is critically important, and that is simply that too few minority students are receiving adequate preparation for college in our nation's elementary and secondary schools. A recent study commissioned by the Department found that college-going rates correlate most strongly with high school achievement. In fact, if we control for all other factors, blacks are equally or more likely than whites at each socioeconomic level and at each achievement level to go on to college. In general, the higher the achievement as measured by grades and test scores, the more likely the student will go on to college. In fact, the Department study found that among both blacks and whites, low-income, high-achievement students are substantially more likely to go on to college than the reverse, high-income but low-achievement students, by a ratio of 64 to 45. And this factor of academic achievement, unlike socioeconomic status, which also correlates with college-going rates, is within the direct control of educators.

Even without looking at these statistics, it should be evident that successfully completing an academic college-oriented curriculum in high school will dramatically increase a student's chances of being accepted to and performing well at a college or university. Nevertheless, although 44 percent of white high school students received this kind of curriculum in 1982, the year for which we have figures, only 37 percent of black students and 27 percent of Hispanic students obtained such necessary preparation.

So the basic solution to the minority college admissions problem, in short, I would argue, is to some extent the same as that in equalizing opportunities in the public schools: to improve the quality of education for disadvantaged students by offering a rigorous curriculum that ensures that all students possess the skills necessary to gain admission to the college or university of their choice. This would not only improve minority college participation but also increase the pool of minorities qualified to serve on college faculties.

I will conclude my prepared remarks by addressing another emerging civil right in the area of higher education. It concerns the complaints we are receiving that prestigious universities are discriminating against Asian Americans in an effort to reserve a certain proportion of the admissions for other minorities, in short, instituting a quota in the form of a ceiling for highly qualified Asians in order to reserve spaces for whites or for blacks and other minorities who are given admission preferences.

Last week there was a hearing on the subject on the Hill, and the Department of Justice said that the University of California at Berkeley rarely accepts white or Asian American students having a high school grade point average less than 3.7 or 3.8, while blacks, Hispanics, and American Indians are routinely admitted with grade point averages as low as 2.78. The press has reported that Berkeley last year rejected 2,150 Asian and white applicants with perfect 4.0 high school grade point averages.

The Department of Education or its Office for Civil Rights is now conducting compliance reviews, examining whether Asian American bias exists at two institutions, at Harvard and UCLA. I am obviously in no position to discuss those cases or say whether there is discrimination there, and in fact, the compliance reviews don't indicate that there is necessarily. But if discrimination of this sort is occurring, it may force us to confront some complex questions of where we are going to draw the line between our commitment to equal opportunity and our desire to redress historical disproportionality.

The issues I have touched on, equalizing opportunity in the public schools, restoring local control over desegregated school districts, and improving minority participation in postsecondary education, suggest that changes may be in order to the way we presently seek to achieve equal opportunity for minorities and the disadvantaged. I believe we will achieve today's civil rights goals not as we did in the past, not through judicial intervention or the enactment of Federal programs principally. Instead, now that we have largely torn down the barriers of *de jure* discrimination, we must do something which is perhaps much harder, rebuilding our educational system in a responsible and caring manner that gives the disadvantaged in our society the education and motivation and skills they need to earn the fruits of our freedom and prosperity.

Thank you.

CHAIRMAN ALLEN. Thank you, Ms. Weinstein.

We will now turn to Mr. Melvin Smoak, who is assistant superintendent of the Orangeburg School District No. 5 in Orangeburg, South Carolina.

Statement of Melvin Smoak, Assistant Superintendent, School District No. 5, Orangeburg, South Carolina

MR. SMOAK. To the distinguished panel and Commissioners, I'd like to say, first, it's a pleasure being here. I'd like to give you some background on our school system, the makeup of it, not in terms of bragging but some of the accomplishments that we have realized there, and then what we are doing as relates to educational reform to meet some of the demands of our population.

Our district—or before I say "our district," the high school that I was a member of or principal of—75 to 80 percent of that population is nonwhite. Around 80 percent of that population also qualifies for free or reduced lunch.

I came up as a youngster, and I considered myself at that time an at-risk student, and I really got sick and tired of hearing the folks with the perception saying that if you were poor and you were a minority, you would not be able to succeed. I just felt that that was not true.

With this population in Orangeburg Five, we have realized successes such as: We have been featured in the May 2 issue of the cover story of *Newsweek*; we had a followup story there in the May 23 issue. We were also featured in an international documentary, *I Can Change the World*, which is a film that was produced by the IBM Corporation. We were part of the cover story with "Electronic Learning." We were first-level SAT winner in the State of South Carolina. We were recognized by the State board there in South Carolina, State school incentive winner, for a number of years. We were featured in the April 26 edition of the *Congressional Record*, the *Korean Times*, and a live interview with ABC's "Good Morning, America."

Here again, if you look at that population, that's an at-risk population, but we were able to make these accomplishments.

This morning I'd like to go over some of the points as it relates to a proposal for educational intervention that have led to our successes in Orangeburg Five. Orangeburg School District Five's success story is a result of the shared commitment of the local school board, local teachers organization, parents, teachers, administrators—and I must also add to that the community. Efforts to improve teaching and the learning were enhanced by the district participation in the National Governors Association's "Project Education Reform: Time for Results," an impetus for our commitment. The components—teaching, leadership and management, readiness and technology—identified project activities which were begun and are currently in various phases of implementation as a result of the Educational Improvement Act that was mandated by the State of South Carolina.

However, District Five seeks to go beyond the stated initiatives to prepare students to meet the demands of the 21st century. The Orangeburg School District Five received more than $150,000 in 1987 and $76,000 in 1988 for exceptional performances. With combined expertise and support of the school board members, administrators, teachers, students, parents, community, 9 of the 10 schools received awards under the guidelines of the school incentive reward program for the 1986–87 academic year, and 5 of these 10 schools repeated this accomplishment for the 1987–88 school year.

In addition, eligible teachers in nine schools shared $136,000, and eligible teachers in five schools shared $150,000 in campus awards under the State teacher incentive program. With these incentives, this has been a step toward helping us to recruit minority teachers.

Orangeburg Five continues its focus on productivity and efficiency in all schools. In order to achieve the desired outcomes, emphasis will be placed on the following areas: A redesigned structure of the teaching component that will lead to a more productive working and learning environment; enhanced leadership and management skills demonstrated by the principles that will lead to effective onsite management; increased activities provided in the readiness program that will lead to higher achievement by the at-risk students; strategically placed computer technology throughout the schools that will lead to a more effective learning, teaching, and managing situation.

As I said before, Orangeburg Five serves students of various backgrounds and experiences. Over 60 percent of the students' parents there have a high school education. Sixty-seven percent of our students come from families of low-income groups. That is now about 78 percent. Eighty percent of the district enrollment, as I said earlier, is classified as nonwhite.

The school board there is responsive to the needs of these students or to our population. The district has identified some components of the National Governors' program that we will continue to implement. District personnel address the needs in the leadership and management area by establishing school goals beyond those of the State and the district, allowing principals, teachers, and parents to design strategies to meet school goals, allocating resources to the schools for discretionary involvement in meeting school objectives, bringing lead teachers into key management and leadership roles, and promoting collegiality among the school staffs.

School members address the needs in the area of technology by providing a network computer environment for all remedial and compensatory students, continuing accessibility to the "Writing to Read" labs for all kindergarten kids and for first grade children scoring "not ready" on the basic skills assessment program test; providing for all teachers technological means for helping to reduce paperwork and also trying to eliminate some of the nonteaching tasks; providing school and district computer networks for teacher centers where teachers will be able to go in and, rather than having the paperwork that we have had in the past, they will be able to use the technology to assist them and reduce that so that they will have more time on tasks as it relates to teaching.

Even though the district serves a diverse population, many successes have been achieved not only academically but also through extracurricular activities.

When compared to the national figures, student attendance, the dropout rate, and teenaged pregnancy are not major problems in District Five. The average daily attendance during the 1986–87 year was 95.8 percent, while the dropout rate in seventh through eighth grade was zero percent. The dropout rate at our high school—and that high school consists of about 2,000 students—is approximately 2.5 percent. It is estimated that 2 percent of the young ladies in the middle school and the high school will become pregnant or teenage mothers. Though these are not major problems, the community is continuing to address these needs.

I must also say, even with this diverse population, 68 percent of the graduating class now continue their education after graduating. In addition to that, the last year's graduating class received approximately $1.1 million in scholarships. Here again, this is based on the educational reform of these interventions that have been brought about in District Five.

A districtwide Lead Teachers Steering Committee has been organized, and the purpose of this committee is to study the management of the schools and to find out ways in which we can involve the teachers in the middle-management aspect of education. As it relates to leadership management, principals undergo an evaluation by a district instrument; also our principals undergo an evaluation by a State instrument. Administrators also participate in workshops and seminars which are designed to increase management skills and productivity.

These staff development activities are sponsored by the South Carolina Leadership Academy, colleges and universities, and professional organizations. There are also State and local incentives that are awarded to principals for superior performance and productivity.

As it relates to our readiness program, a program that exceeds State requirement for at-risk 4–year–olds is offered in the elementary schools. Most of the schools in South Carolina will have a half-day program, but in District Five we have expanded that to meet the needs of those 4–year–olds who are not ready to enter the kindergarten program.

We have also expanded our kindergarten program to an all-day program, to make sure when we test those students, if they have not met the necessary skills to be ready to move on to the first grade, then we provide an opportunity to make sure that those basic skills are taught.

At-risk students in grades one through six are served in compensatory classes, and those at-risk students in grades seven through nine are served in remedial classes.

As it relates to our special ed program, the Revised Resource Model serves mildly handicapped students in regular classes where the resource teachers provide student, parent, and teacher support. In the past, these students were going to resource classes. That created a problem. Now we have the teachers going to the students, when before the students were coming to the teachers. This has not only helped the teachers in the regular classes, but it also has provided a mechanism where the parents have become more involved in what is hap- pening with the students.

As it relates to technology, networked computer labs provide lessons in reading, writing, and mathematics for at-risk students. Teachers are integrating content-area, courseware, and applications software with all areas of the curriculum. Administrative hardware and software system provides onsite management of student data as it relates to scheduling, attendance, grade reporting, and discipline, and we collect data from these programs and analyze it to see what we need to do the following year.

In terms of student dropout, if a student is absent from one or more classes during the day, we automatically call the home of those students every day. If there is not a phone there, then we have someone who will follow up and make a home visit to check on these students. In other words, we go get them. We don't let them stay there. We go back and get them and bring them back in. If for some reason the student drops out, then we still do not give up. We either encourage that student to get in the GED program or into an adult education program.

As it relates to the ongoing reform there, we have some long-range and some short-range goals as it relates to each one of these areas that we have developed and we will continue to implement.

Thank you.

Chairman Allen. Thank you very much, Mr. Smoak.

Let me pause for a moment to make certain that I say to all of you that you are being recorded, and if you happen to respond to my fairly tyrannical use of the time clock with speeding up your comment, it will be to the disadvantage of our recorder. So I will try not to be tyrannical and ask you not to worry too much about that, and I'll let you know if you go over.

Now I'd like to introduce Dr. Sally Kilgore, assistant professor of sociology from Emory University.

Statement of Sally Kilgore, Assistant Professor of Sociology, Emory University, Atlanta, Georgia

Dr. Kilgore. Thank you, Mr. Allen. You must have known my most sinful problem is that I have so much to say and so little time to say it.

It was suggested that I mention briefly some of my previous experience. I just completed 2 years of directing the Office of Research at the U.S. Department of Education. It was a time of now decompressing and recapitulating what I have done and think I have accomplished, which often is much less than we had wanted. Perhaps the most relevant thing is that some of my most formative experiences as a sociologist was, when very young, when I taught at a historically black college for 4 years, and I consider it probably one of the most enriching periods, both as an individual and as a scholar, to have had that opportunity.

I want to talk today briefly about the research findings that we know to exist in sociology as it regards disadvantaged students, and I am organizing my thoughts around three basic issues. One of them is the retention of students, the problem of dropouts. One of them is the exposure to academic material, what I call the equality of opportunity to learn. And third is the issue of pedagogy, how we teach children in ways that are effective to disadvantaged students.

In terms of retention, we really have two issues that face us in the United States today. We have students who have already dropped out of our system and are not learning or not really prepared for the marketplace, and we have students who will in the future, because of our existing system, drop out. So we have problems about remedy for things where we, as a system, have failed in providing students with an adequate education, and we have issues of prevention.

If you look at the research, most of the research suggests there are three areas where you can identify a student who will be dropping in the subsequent years. One of them is absenteeism, another one is poor grades, and the third one is poor relations with school personnel. I was very heartened to see the kind of dropout policies or prevention policies that were mentioned in Orangeburg. But one of the things they say is that oftentimes a student who drops out has not had any contact with any administrative personnel in the previous 3 months during their period of schooling, often a long period of absenteeism. So it is those conditions that we'd address, both in terms of looking at remedies as well as looking at prevention.

Of course, the work on remedies has not been an area that has been researched very well. There is a tremendous amount of money—I would say $10 to $20 million—going into demonstration projects by the support of many private foundations. Schools and school districts are brought together to try to identify certain remedies, the most common being an alternative school that is very small in size, very intense teacher-student relationships, and often the biggest problem is the few number of students who actually have access to these alternative schools.

Now, I would submit from my own experience in talking with educators around the country that, once you have a child who has dropped out, remedies that are school based are not going to be effective. That is to say, there is something about the institution that is ineffective in working with this student, and you do have to seek alternatives that are outside the traditional school system. If it has been ineffectual in this case, we need not send the student back to experience the same ineffectual circumstances.

One of the things that I think is probably most interesting, and that I welcome the opportunity to speak to you about, is an idea I had when there was much discussion about the financial aid structure and how many of our students today are using this opportunity of postsecondary education in ways to have technical training. It seems to me this is an important lever that we need to manipulate more constructively, rather than to just allow it to exist as it is.

In particular, one of the things that I think it could do to improve it as an agency or set of profit and nonprofit institutions that service this population is to set up some incentives to those agencies or institutions or organizations to provide skills that are market driven—in other words, they get students into existing labor markets rather than nonexisting labor markets and provide an incentive for them to have a long-term interest in the welfare of those students and their success in the marketplace. I think there are policy levers—I will not describe them now but I will be glad, if you're interested, to talk about how we could establish certain kinds of incentives that would make those institutions adapt more readily to the marketplace and the needs of the young people who have dropped out.

Prevention, I think, has several dimensions that I think are very interesting. If you look back at the three precursors—we were talking about absenteeism, low grades, and hostile relations with school people—the thing that you're talking about for prevention is the problem of attachment to schools. Children who are at risk of dropping out are in a sense very rational human beings like everyone else, we presume, to some extent in this room. If you think about what schooling means to kids as they approach the age of 11 or 12 where they can decide whether to go to school or not, or convince their mother, if necessary, that they cannot—attachment to schooling is not because they are going to go to school and feel good for having made an A or a B. It's the attachment that comes through personal relationships with teachers and other students. It is the kind of secondary benefits that children like this need much more than other children.

We have found in research three things that are very much related, and they are all very consistent with the attachment principle that I am kind of laying over it. One of them is school size—the larger the school or high school, the greater the likelihood of dropouts, and I will explain the mediating factors. Many principals today and school superintendents—we have no evidence on this, but the grade-span structure of schools we think may have a negative effective. And third is the adult network, that is, the relationships between parents and teachers, between parents and parents, that form a network of both social control that know when children are or are not in school, that perform a knowledge about things, of problems that children are having. This network that was ordinarily available in small town city life is not available oftentimes to our disadvantaged children, and they suffer consequently.

Size—what happens is that the larger the school, the less likely marginal students are to be involved in extracurricular activities, the less likely they are to know teachers. All of these attachment mechanisms are much more difficult in large schools.

With the grade-span structure, what we've got, both with the middle school structure or junior high school structure, is that we are setting up a transition to a new school, a new environment, new children, new teachers, to children who are marginally performing, and therefore, we have in some sense taken away the only attachments that drew them to the school in the same time. So many principals have asked—and we do not have answers as researchers—whether this might make a difference, and I think it is something important to consider.

We find that many disciplinary strategies really promote the dropout. The use of suspensions when children are disinterested in school is almost a reward rather than a punishment, so there is a certain incongruity with what we are doing and what we are trying to prevent.

I have heard you comment in questions earlier about the relationship between reforms that are going on at the State and local level and the increase in the dropout rate. It is quite true there is some very unequivocal evidence that dropout rates may indeed increase with increased graduation requirements. But I would submit it is a very simplistic notion of equality of opportunity to suggest that in the institution of standards we have somehow deprived people of equality of opportunity because you have a sector of what we might call average ability, disadvantaged minority youngsters who are not aware of what it takes to get into college, who benefit greatly from the school's stated requirements because it's only then that they take perhaps the math and science that will give them the opportunity to succeed.

Exposure—I will be very brief—has kind of three dimensions. One is that the rate at which we introduce children to new knowledge and schools. One is the length of time we devote totally to introducing the knowledge and skills. And the third is the intensity—well, it's really pupil-teacher ratio, but how much opportunity there is for a child to interact with the teacher rather than to be a listener. In our elementary schools, Chapter I programs have made the biggest advance in improving the intensity—that is to say, the opportunity for children to interact with the teacher in their learning.

We have also much research that talks about the fact that disadvantaged children need a slower rate of introduction of new materials. This would be tc my mind somewhat problematic because what we have today is the fact that no one has manipulated what I call the length variable, the amount of time children have the opportunity to learn. And what you do is if you're slowing the rate of introducing new material, you are inevitably creating inequality if you do not also concomitantly increase the length. What happens in our Chapter I programs is that the same hour of days are available for children who are in that program as they are in any other setting, so that their opportunity to learn is not really enhanced but in some sense is always at risk because of their loss of, so to speak, the new material that other children are learning.

We know from Hines and her "Summer Learning" that one of the biggest problems for disadvantaged children is not what they fail sometimes to learn in school but what they forget during the summer. So we need to be manipulating length not only in hours of the day but days of the year and breaks between schools. There are some experiments going on, few in number I will admit, where we are only having kind of 3-week breaks between different sessions so that children's rate of forgetting is not as substantial as we find in other circumstances.

In secondary schools, inequality of exposure, we know, comes about through tracking, and this is one of my major areas of interest and concern. I think it is probably one of the most important inequalities of opportunity that can occur to our children today, primarily because the general track, which is kind of the nonacademic track, offers so little to our students. In terms of its content and in terms of its quality, it is probably one of the most abysmal parts of an education.

My recent research suggests there are 20 percent of blacks and Hispanics not in the academic track today whose achievement scores are equal to or greater than their counterparts; that is to say, the blacks and Hispanics who are in the academic track. So the way we are recruiting children into this particular opportunity for their future seems to be problematic, and I think should be addressed.

Finally, in the area of pedagogy, I think this is probably one of the most important opportunities we have in making big advances, in addition to varying the length which I have described before. It's a cutting-edge issue that doesn't really have much consensus in the area of research. What we are talking about is: Can we teach children the same content at the same rate but adapt our strategies for teaching so we are more effective with particular populations that come with different interests and different backgrounds?

At Stanford, Henry Levin is working on a program where it is very computer-based instruction in very difficult, often mathematically difficult material, for disadvantaged students, and he is experiencing some substantial success in engaging the students in intellectually intriguing ideas, so that he has maintained, as it were, the rigor but has altered the strategies.

Berryman at Columbia, Resnick at Pittsburgh are researchers who are calling for a complete revamping of the way we understand high school education. We in the past have been satisfied to teach in the academic track rigorous material with great abstractions, and most children need the concrete examples of work in daily life to really make connections between these abstractions. So they are calling for a real evaluation of the entire pedagogy in the sense that the rigorous curriculum needs to be integrated with real-world problems.

My favorite example that always gives everyone pause was actually from a young student who failed in a school and said, "If I'd only understood the connections between calculus and boating and sailing, I would have enjoyed this so much better, and I was a person who didn't understand it."

So we fail in so many simple ways to provide children with the real-world connections to very difficult concepts that could make those linkages.

Finally, a third pedagogical strategy, which I think is often the secret to many successful schools, and teachers in particular, is the ability of teachers to connect the biography of children with the material they are trying to teach. This strategy, as well as the one I mentioned before, requires a very different kind of teacher. It is a teacher who understands the culture with which these children bring to the classroom and is able to, in a very effective way, integrate that with the kind of educational opportunities they have.

Finally, I would submit in closing that the issue you are addressing today and that I have tried to cover is no less serious than perhaps our major health problem in this country, which is to say that AIDS is a silent and long-term killer; our educational school system without remedies that we take seriously may be the silent killer of many of our children as they lose the opportunity to participate fully in American life.

CHAIRMAN ALLEN. Thank you, Dr. Kilgore.

I wish now to introduce Mr. William Green, who is director of the Ivy Leaf Middle School in Philadelphia. I welcome you, sir. I little expected that you and I would be here when I toured the school with you 3 years ago, and it is a great pleasure to see you again.

Statement of William Green, Director, Ivy Leaf Middle School, Philadelphia, Pennsylvania

MR. GREEN. Thank you very much.

I wish to thank the Commissioners for the opportunity to present my views on the topic, "Changing Demographics and Their Implications for Education." I'm looking at it from the black perspective.

In my presentation today, I will attempt to do three things: number one, to heighten your level of consciousness by providing a brief historical framework of reference for understanding those factors which have influenced the education of black America; two, to identify some of the major challenges which face American education, with particular reference to minorities and their wider community; and three, to share with you a brief history of Ivy Leaf School and to identify those factors which have enabled this school to make a difference in the lives of many students.

The history of black people in America has been a constant struggle for freedom, justice, equality of opportunity, and dignity in a society that has often been hostile and oppressive. As in other areas, the struggle for blacks to secure adequate educational opportunities has been an unending one. The blood, sweat, and tears of many black pioneers have nurtured this struggle.

The transplanted Africans, brought to America against their will, were faced with a bizarre and unique dilemma. They were severely crippled by the deliberate attempt to dehumanize them by stripping them of their name, their language, religion, and cultural patterns. The cultural memories of Africa were gradually eroded as the ordeal for survival in a strange new land reshaped cultural roots.

Many colonial leaders felt that Africans were inherently inferior and could not benefit from an education, while others felt that teaching a black to read and write created a potentially dangerous threat. Over a period of time, laws were passed making it a crime to teach captives to read or write. By and large, blacks were kept illiterate as a means for social control.

As the education of black people went underground, some were able to gain the rudiments of education despite the restrictions. Because of the peculiar nature of the slave system, many skilled blacks were hired out as carpenters, blacksmiths, weavers, mechanics, seamstresses, and construction workers.

Quakers were in the forefront for black education, even though some had decided not to stop the trading in men until after the Revolutionary War.

The revolts led by Gabriel Prosser, Denmark Vesey, and Nat Turner during the early 1800s reinforced the general belief among southern whites that teaching blacks to read and write was a dangerous threat to slavery. Further restrictions were placed on the teaching of blacks thereafter. Despite opposition of whites in both the North and the South, black people opened schools in their own behalf in communities such as Philadelphia, New York, Boston, and New Orleans.

In 1827, 3 years before the Nat Turner revolt, John B. Russwurm had become the first black college graduate in America. Russwurm used his skills to protest slavery and injustice in America.

During the Civil War, blacks fought to win their freedom, a fact not generally known by most students who are taught American history. The Union victory opened up new opportunities for the limited participation of southern blacks in American life. They played an important part in the establishment of free public schools in the South because of their participation in the rewriting of State constitutions during the Reconstruction period. The Freedman's Bureau, a Federal agency created in 1865, with support from religious groups and the efforts of philanthropists, helped to establish and support educational efforts, including the beginning of black colleges and universities. Inspired teachers like Charlotte Forten, the granddaughter of James Forten, went south to enlighten the black children in the Sea Islands of Georgia. And there were many white missionaries who also did the same.

There were limits to black aspirations, however. The pre-Civil War idea that any education for black people was questionable gave way to a new point of view that said as long as the education of blacks did not endanger white supremacy, it could be tolerated. Strong opposition by many whites to black schools continued, however. Resentment sometimes resulted in violence and the destruction of schools.

By the end of the 19th century, the future of black people in America had been sealed by the limits to which black institutions would be able to operate in the South. In *Plessy* v. *Ferguson*, the Supreme Court established the doctrine of "separate but equal." The emergence of the "Solid South" and the loss of gains made during Reconstruction resulted in a rigid caste system that trained black and white students in separate and unequal schools. Educational programs were designed for black people which were in line with the conditions prescribed by a segregated society. The caste system operated in such a way that the black community was isolated from the mainstream.

Black schools, both private and public, were generally administered to include those values that would enable black people to survive in a hostile environment. Between 1895 and 1920, black educational leadership developed a quality of statesmanship that was characterized by foresight, devotion, and education. The educational leaders, both men and women, were imbued with a zeal, in quotations, to uplift the race. In 1895, at the Cotton Exposition in Atlanta, Booker T. Washington made a great speech, which had a tremendous impact on the education of blacks in America.

Although his speech was critically acclaimed by many blacks, it was bitterly opposed by others who felt that he had appeased the South at the expense of basic civil rights. Washington supported an education which he felt would be relevant to the needs of black people of his time who lived in a rural environment. In Washington's view, a good education consisted of the training of the heart, hands, and the mind. Such an education, he felt, would result in self-sufficiency in a rural environment. It was an educational philosophy based on the Protestant work ethic and a beginning black nationalism.

W.E. DuBois favored a liberal education which would result in the training of a black cadre of leaders who he called the "talented tenth." Through his leadership, he hoped to bring about change in the economic, social, and political institutions of America. Dubois' goal was to educate for action. DuBois insisted that black people were entitled to every right and privilege enjoyed by other Americans.

In 1905 the Niagara Movement was founded by DuBois and others. It was made up of black intellectuals who denounced all forms of racism in American life and called for black American citizens to assume responsibilities for their own destiny.

Black educators, particularly those in the South, worked under very adverse conditions. In most instances, they were paid less and had fewer instructional materials and equipment to work with than their white counterparts. Despite the barriers and almost insurmountable odds they encountered, the early pioneers blazed important trails.

There is no doubt that the civil rights movement in 1954 to 1968 changed the course of American history. The May 17, 1954, Supreme Court decision outlawing racial segregation in public schools of the Nation signaled a new era in race relations in the United States. The decision broke the back of legal segregation and provided blacks the lever to make a frontal assault upon the system of segregation and discrimination in both the North and the South.

The traditional patterns of race relations in America were challenged by other forces during the fifties and sixties. The conflict between communism and democracy, the emergence of independent nations in Africa, and the insistent demands of black people themselves created pressures that demanded changes. The destruction of the "separate but equal" doctrine weakened the legal basis of discrimination in all aspects of American life and provided the civil rights organizations with the leverage for an assault upon all forms of racism in American life. The 381-day boycott in Montgomery, Alabama, which projected Martin Luther King into national prominence, demonstrated the power of organized efforts by blacks in changing existing patterns in southern communities. It provided a model for further demonstrations which took place throughout the South.

Despite some gains made by the movement, there are still thousands of public schools in both the North and South which remain segregated and unequal. Poverty, inadequate education, poor housing, limited access to good medical care, and family disruption remain critical issues.

There is an awesome challenge facing American institutions. In the past, and to a great extent today, education has been almost the only way for blacks to gain an economic foothold in a precarious society. Today's job market requires diverse technical skills. Lack of education, poverty, poor health, and a lowered self-esteem is shortchanging millions of minority young people who have become statistics in a burgeoning underclass.

Various educational and sociological studies suggests that the Nation's future well-being will depend to a great extent on how we meet this challenge. Public policy must address the following challenges to reduce the disparity between those who have and those who have not:

- The ability of colleges and universities to respond to the needs of the masses of impoverished students who attend college is significant. The public schools will continue to be the haven where the larger majority of students of all races will be educated.
- Another challenge is the increased need for financial aid for those highly qualified and highly motivated students who have limited access to higher education due to the lack of funds. It will be necessary for funds to be made available so that these students who are locked out because of lack of financial resources will be able to gain access to higher education.
- Another challenge is that of providing adequate funds to broaden preschool education, job training, and remedial programs for minority students. These programs are the core for upgrading the status of many students.
- The development of creative community-based programs, projects, and activities that enhance self-esteem and self-awareness among many students from families under stress. Numerous students need the confidence that results from successful activities in which they are directly involved.
- The need also exists for addressing the corrosive effects of drugs, teenage pregnancy, family disruption, and despair. It recognizes the collective action of all the social institutions to make a difference.
- Finally, the preservation of historic black colleges and universities. They have given so much to so many with so little over the past century, they must be preserved.

Now the Ivy Leaf story.

In 1965 the Congress of the United States of America passed the Voting Rights Bill which was seen as a yet another symbolic step in the struggle to eradicate the legal barriers which denied persons of African ancestry freedom, justice, and equality of opportunity. In the fall of that same year, a small inconspicuous preschool opened its door to 17 students whose parents had been convinced that the school would offer a positive educational experience for their children.

The founders of the school, William and Liller Green, had definite ideas about the type of education they wanted to offer their 3-year-old child and the 16 other children who comprised the first class. It would offer a positive and caring environment, a quality educational program, an emphasis upon personal growth and development, and a learning climate which fostered mutual respect, cooperation, and a caring and sharing attitude. Since its inception 23 years ago, Ivy Leaf School has emphasized and nurtured an educational environment where the potential of each student could be maximized.

Although the school has grown from a preschool population of 17—and at that time the emphasis was on preschooling, and it was not in the wildest dreams of the founders that it should go any further—the school has now burgeoned to 700 students.

These students are housed in three locations where the pursuit of academic excellence remains the same.

Students at Ivy Leaf School do very well when they leave, I believe, to go into the larger public schools. Eighty-three percent of the students score above the national norms in their SATs and their standardized tests. They are leaders in the schools that they attend, and the Ivy Leaf Middle School has been besieged by private schools to come to the school to recruit some of the Ivy Leaf students for their student body. We are pleased that the school has developed the way that it has.

We feel the reason the school has become an effective one is because of certain factors which we find are corroborated by national studies.

One, the school has clearly defined educational goals and objectives. We know what we want to do, and that is to go out and provide an educational experience that will maximize the skills and development of each student. There is an emphasis upon basic skills and personal values. Students are grouped for reading and for math, and there's a great emphasis upon helping students move from one level to the next.

We feel that strong leadership is a very, very important part of an effective school; that the school has high expectations that every child feels that he can learn, and they are given every opportunity to learn through the nurturing of the school.

Close links between the school and the community. We find that this is most important—involving the parents when students are late, involving the parents when the student's grades fall below a certain area, and involving the parents when there are behavioral problems. The close links, I think, are one of the major factors.

I believe in our school we have reduced bureaucratic restrictions. Therefore, we were able to initiate and involve ourselves in programs which we feel are going to be successful without restraints.

A promotion of self-esteem and pride. I believe in many instances in the larger urban school where there is no emphasis upon the black experience as a part of American history and culture, particularly when 65 and 70 percent of those students are black, that the schools have reduced the possibility of those students feeling that they can learn. They have to feel that they are a part of America, and if we do not include those black threads in the tapestry of American history, students feel they are left out and there is no need to aspire.

So I think one of the major elements that has not been addressed in many instances has been this matter of self-esteem and pride, which so many students need in order to feel that they can succeed. We attempt to do this in many ways in our school, and we trust that we can share this with others in the future.

CHAIRMAN ALLEN. Thank you very much, Mr. Green.

At this time I want to introduce to you Commissioner Robert Destro who joined us at the beginning of this panel and who has served us well as chairman of the Commission's subcommittee which has planned this series of forums on "Changing Perspectives in Civil Rights." I'd like to call on Commissioner Destro to ask our first question.

Discussion

COMMISSIONER DESTRO. Thank you, Mr. Chairman, and I apologize for unavoidably being late this morning and yesterday. There is certainly a lot to ask about, and I thought perhaps the way to start out the questioning would be to ask Mr. Green, first, and then Mr. Smoak, to comment on the theme that you ended with, Mr. Green, and the theme that you started with, Mr. Smoak, which is this whole notion of the attitudes with which educators deal with minority children in the schools. The reason I mention this as the starting point is that it ties to a question Ms. Weinstein raised, that once we have dismantled the structure of *de jure* segregation, how do we get on with the question of treating children as children who need educational services?

So the question I have for you is: As a body which studies policy alternatives to Congress and the President, how should we be formulating policy suggestions with respect to quality education for minority children? Where do we start? Do we start with some of the things Ms. Kilgore recommended, like with respect to tracking and discipline and weapons in the schools? You can go through. Do you start with finance? I don't know how much your school costs, but I've read statistics on $5,000 to $6,000 per kid in New York and Chicago, and they are still getting bad educations. Where do we start as an agency historically concerned with the more *de jure* or the more obvious discrimination issues?

MR. GREEN. I think we have to start with the premise that every child can learn; every child can learn. We have to determine what are the goals and aims of education in a particular society. We know that education is a State function. We know that they are operating at different levels. There is no standard form for dealing with the educational problem in the various States. Each has its own State department of education. There are similarities and there are differences. But we have to start with the fact that every child can learn, and if every child can learn, what are those problems that are encountered by this school to prevent them from learning?

Basically, I think they have been addressed before. It's an economic problem. There is a high correlation between those who have not and those who have as far as achievement in school. There is a matter of perception on the part of those students who are in so-called disadvantaged schools—"What is the value of an education to me?" They see defeat around them. There are role models they see on television, but they don't aspire to those because they are not in their community.

We have to determine, therefore, what must we do to help administrators? And many times administrators themselves don't know. They feel that they are there to mind the store. Sometimes they have their own agenda as far as: What is the purpose of this school in this community? And we have to come to the point where we look at each child as an impressionable person who can learn and provide the teachers, the curriculum, the funds that will help those schools.

It may not be an across-the-board type of concern in each community doing it the same way, but certainly, goals and objectives are important; expectations are important; the nature of the person who is being educated is important, particularly their feelings about themselves. In many instances, minority students have been left out so long that they have just given up. We have to help them to understand their heritage, their culture, give them a sense of who they are, and that they can achieve and they can move from where they are.

COMMISSIONER DESTRO. Mr. Smoak.

MR. SMOAK. I agree with that. First of all, we must instill in students that they can learn. As I said to Secretary Bennett, "Send me the check and let me do the job, but hold me accountable."

VICE CHAIRMAN FRIEDMAN. That's the way I feel.

[Laughter.]

MR. SMOAK. The Educational Improvement Act in South Carolina said to us that we must remediate students, but they didn't tell me how, but the State does hold me accountable. Fortunately, because of some risk taking on the part of the administrators and the board in my district, we were able to set up a program to address these needs. We are still in debt over that situation. However, we made an effort to meet the needs of the students.

Approximately 1,000 out of my 2,000 population needed to be remediated. And the community is looking for the same thing out of those students that they are looking for out of the students from what I would term a rich area. My area is a poor area. However, you want a population that is computer literate. I can't give you that if I don't have the computers. Well, the computers cost money. So I have a problem. So that's what I mean when I said, "Send me the check, yet hold me accountable, and let me deliver the goods."

Because of monies that we have received through the remediation program or from the Educational Improvement Act in South Carolina, we were able to provide computers for our students. Therefore, in this past year we moved in 120 network computers, and that program is a remedial program. Those students who have not met standards as identified by the Basic Skills Assessment Program test, we require those students to enroll in a noncredit remedial program every day for 50 minutes.

We went back and restructured our curriculum to reflect a seven-period academic situation as opposed to a six-period academic day, for a number of reasons. Requiring the students to go into the remedial program without receiving credit meant that those students would not be able to obtain the 20-unit requirement in South Carolina to be able to graduate in 4 years. That, to us, said we would have even a higher dropout rate. So we made some adjustments. To make those adjustments, again, it went right back to finances. So I think we have to look at the areas and look at the needs, and thereby provide some means to be able to finance the education.

We have a situation where we were in a school building, that we moved in 42 portables, and those portables were used and falling down when we moved them in. There was no need in trying to have a tornado drill, because where would you send them? Out in the yard. So we had to say, "What are we to do?"

We now have a situation where we can house our students, and some folks argue that bricks and mortar don't educate students. Well, I disagree with that. I can't learn if I'm in a place and it's raining and the water is falling down on me. I need to be in a place where it's dry and warm so I can do those things. So we need to look at that.

When I went into Orangeburg-Wilkinson High School, we had a situation as it relates to student and teacher morale. The first thing we had to develop there was some goals and directions as relates to what we would do, what we are all about. And we had to hold teachers accountable. Just like I'm being held accountable as an administrator, we had to say to the teachers, "This is what we expect; this is what is going to happen, and if it doesn't happen, you have to go." It was as simple as that.

We restructured for teaching methodology. No more teaching by pages in a book. We set it up where you would teach by objectives. So we outlined those objectives, and that's what you taught; that was it. That was the end of that.

We can't get it done in 8 hours or seven periods during the day. We have students who are coming back on Monday and Wednesday nights, and teachers are working with them. We have instructors or professors from the colleges there who are coming in, and they are holding tutorial sessions. So these things really work.

But here again, most of the things we need to do—not all of them—depend on funds. So we need to lessen the restrictions but provide the means in which administrators and teachers can go about meeting the needs of students.

COMMISSIONER DESTRO. Let me just end with the question of accountability. And I don't want to take up any more time; I'd just like you to think about it in terms of your answers to other questions from other Commissioners.

Do you think that funding ought to be tied to objectives? You're talking about teaching by objectives. Maybe the question of funding by objectives—and the usual condition is "no discrimination." But it's devilishly difficult to prove discrimination in tracking and in these other kinds of things. Perhaps the objectives ought to be stated in more substantive economic terms to get at the heart of the problem rather than the symptoms and the attitudes. I don't know how one does that, but I'd be interested in hearing you reflect on that as you answer other people's questions. Thank you.

CHAIRMAN ALLEN. Commissioner Buckley.

COMMISSIONER BUCKLEY. You make it very difficult to come up with questions that I can get answered in these next few minutes. I teach in a high school that is 94 percent Hispanic, and we have a lot of problems trying to get our kids to stay in school and go on to college. We are one of the poor school districts in our State. We don't have money. And then, you know, how do you accomplish this?

I think the question—and I don't know if you can answer it here or not—that I would like to see you attempt to answer—Dr. Kilgore talks about some of the research that you have found that helps; Mr. Smoak has extended his school day. You have put in the resources to extend the school day, to bring in the computers to your school district.

How do we get all the entities together—the community, the parents, the Federal funding—how do we get everybody together to be able to see that we need to be doing more of these things in more school districts throughout the country?

Mr. Green had opted for his separate funding, separate schooling, and that was the choice in his particular situation. But what I think is happening is that in most places we're saying, "We need more emphasis on education to get more people to stay in school and finish school and go on from there."

Can you offer suggestions to extend the success stories that you talk about to other school districts and improve on what's happening out there?

MR. GREEN. I'd like to offer a suggestion. I think in each community there are schools that have similar problems, but they are having different results. The variables are almost the same. In one school district students are motivated, they are attending school, they are participating in activities, and so forth and so on. The principals look different; the teachers are the same. What makes the difference?

I think we have to look at the model schools, schools we would look at as a model, examine them thoroughly under a microscope, and find out what they are doing that has made a difference. It might be the strong leadership that is projected by a principal. It might be that students have caught onto the idea that education does make a difference. There are a number of reasons why one school stands out as an island among many other schools.

So I think we have to learn what is being done at the successful schools. We may not always be able to duplicate it, but at least we can convey that idea to others so that they can try some of these various things, and that doesn't cost a lot of money.

COMMISSIONER BUCKLEY. Dr. Kilgore.

DR. KILGORE. Let me begin with kind of an assumption that could be questioned, but if we can agree that to some extent—I think Ms. Weinstein mentioned this—we are at a very different stage in the issue of civil rights, particularly in the Federal level, than we were 20 years ago. When we talk about 20 years ago, policy analysts talk about the tug between the local school districts that were very resistent to being concerned about minorities. You know, they had to be kind of pulled into line, about all the kinds of concerns for disadvantaged. And now the concern at the State and local level has grown, and there is more a cooperative concern between the Federal level and the local concerns. If nothing else, the populations of students that corporations see as their future employees have changed the dynamics of how they look. So when we think about Federal policies and dissemination, we don't really have to think about this recalcitrant population of schools and administrators and State people.

With that in mind, what you are talking about is that you might want to think about how the history of civil rights and a variety of other Federal interventions have been organized around mandates, requirements, rules, procedures—a variety of things that encumber schools when they make decisions—and States in particular that may have minimum day requirements—you can think of all these things.

But what you might want to do is think about, both at the State and Federal level, how you can reconceive either disbursement of funds or a variety of other mechanisms you have as incentives that encourage schools to adapt and create, as it were, their structure in terms of the length of the day or how they're going to get somewhere, and that your real objective is to say—let's use the State as an analogy because it's so much easier with their involvement—that States become more outcome driven, like South Carolina—in other words, "We don't care how you get there; this is what we expect of our students," and it's up to the local schools and school districts to take on the process.

Now, the place where States ought to be thinking more about differentiation in terms of financial disbursement, I think, is a very important one. For Orangeburg, let's say, to get to this outcome, whatever it is—let's say that we all know calculus or something—is going to be very different from, let's say, here in suburban Nashville or suburban St. Louis. So the resources ought to very systematically give them the opportunity to figure out they're going to lengthen the day or buy the computers, and that they ought to be proportionately more.

Now, you've got to tie some strings that they actually produce the outcomes. You don't want to make it a disincentive so that I could keep failing and you keep getting more money, which we know is a very pernicious thing. You know, we keep finding all these exceptionally poor students.

But the point is to free up. The history of policy making at the State and Federal level has been one of process, procedures, rules, and we have to reconfigure this around incentives, around differential resources that allow people to make these manipulations about school days and how they are constructed.

The problem you face is that there are also entrenched interests locally, like if you say, "We're going to have teachers that teach after school for Chapter I," you have all sorts of complexities about union agreements and so on and so forth. But the Federal and State role is to try to free up process rules that have historically kind of wound people's tail around themselves, and to help local districts get that flexibility that they can produce the outcomes, I would think.

CHAIRMAN ALLEN. Vice Chairman Friedman.

VICE CHAIRMAN FRIEDMAN. If you wade through the amount of material that has been tossed at us, there are a couple of blockbusterish thoughts that occur to me relative to a civil rights commission. Keep in mind we are not an agency for the improvement of education, and maybe we have misled you a little bit by the way we have structured this. We are a civil rights agency, and we are interested in seeing how civil rights intersects with the issues of equal educational opportunity.

One of the two blockbusterish ideas that seems to emerge here as I listen to you talk—and maybe it has more to do with our structure than the real issue—is that you are really saying to us that civil rights is a rather modest, if almost disappearing, issue with regard to equal educational opportunity, if I understood you correctly.

MS. WEINSTEIN. Yes, civil rights as it is treated—

VICE CHAIRMAN FRIEDMAN. And when you deal with Mr. Green and his description—and it didn't come through as clearly as it might—he is running a black segregated school, and he is describing the success—forgive me, I'm being crude and harsh in underlining the point, but essentially what you're saying to us is that, given the failures of public education as it has come down to us over the years, you and Liller began to develop a black private school, and it is my understanding that these black private schools are growing in numbers around the country, and that it is through a system of private but segregated schools that possibly some of the gains can be made with regard to equal educational opportunity.

Now, between those two points that have been made, I see something sort of blockbusterish in our conception of changing perspectives on—what is our title, anyway?

CHAIRMAN ALLEN. Civil rights.

[Laughter.]

VICE CHAIRMAN FRIEDMAN. Those are really changing perspectives.

CHAIRMAN ALLEN. I think you've got several people who want to comment on that. I will ask you to be 30-secondish, if possible, and I'll start with Mr. Green.

MR. GREEN. I believe it was conceived not so much as a black institution. It just happened to emerge that way. It's the nature of our society. We would welcome anyone. We don't call it a segregated school. We call it a school that cares. And any students from any nationality we would be happy to have attend. We have had some white students, but it was basically set up because we felt there was a certain type of education that would benefit our students; and because of the nature of the community, because of the nature of our society, the mores, the traditions, and so forth, we say that those people miss the opportunity when they don't attend Ivy Leaf. So it's not a segregated school, and has never been intended to be one.

VICE CHAIRMAN FRIEDMAN. *De facto*.

CHAIRMAN ALLEN. Dr. Kilgore.

DR. KILGORE. I had a long introduction which I decided I wasn't going to try to go to war between the sociologists and the legal people, but it has to do with the conception of equality of opportunity. The legal history of due process, I think, came very early into the interpretation of civil rights; in other words, that if we were all treated equally in a process-oriented way, this was what equality of opportunity was all about. Sociologists have always been much more radical and think it has to do with equality of outcomes. So you are really looking at the probabilities that are different for blacks and whites and having some achievement level.

I would suggest that civil rights people need to think more about, in an advisory capacity, the notion that the definition of civil rights doesn't mean that we all have to score excellent in an exam; but as groups differ, like blacks and whites and women, that we are working as a society to where those characteristics—the descriptive characteristics, as we say—are not things that affect probabilities of outcome, and that what we

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are looking for are what resources, what configurations of schools, and things of this nature reduce these kinds of probability. For instance, if it's true that small schools really need to be in our areas, that we don't start saying, "Every school should be 1,000"; that we learn how we can advocate adaptation rather than uniformity.

And I think the history of due process as a conceptualization of civil rights has hindered the growth of this notion. In other words, "We want to make sure everybody gets treated equally" has oftentimes worked to the disadvantage of equality of outcomes.

Chairman Allen. Mr. Smoak.

Mr. Smoak. As it stands now, based on some regulations, there is no consideration given to tax-paying ability at the local level in terms of financing education. So if you from a Florida area where you have the resources to be able to provide those experiences, I may be from an area where I can't do that. Yet, both areas receive the same amount of money in terms of per-pupil expenditure. This is something that needs to be given consideration. Again, back to the idea of making sure the student is productive in society, if you are not able to provide those opportunities based on these considerations that must be considered, then there still is a problem.

So in terms of financing education, I don't see it as being equal when those situations exist as it relates to—if it's a matter of financing education at the local level, and you're not able to provide those resources, here, again, I think we need to look at readjusted allocations and those kinds of things as it relates to regulation.

Chairman Allen. Mrs. Weinstein.

Ms. Weinstein. If I could just react to the most recent comments from Mr. Smoak, I agree that one of the problems is where the funding comes from, but I'm not sure to what extent we want to readjust the balance between local and State or local, State, and Federal funding, because inevitably when you take more funding you're going to be subject to more control, and that I think will inhibit precisely those aspects of educational improvement that seem to be most important here.

But as to your first question—

Vice Chairman Friedman. Yes, how about my question?

Ms. Weinstein. I think you betrayed yourself with your question, that you are still judging the problem by what may be an antiquated formula, "Is there integration or not? Has the integrationist ideal taken place? And, if so, then that's all we need to worry about."

Clearly, we need to worry about a lot more than that.

Chairman Allen. Commissioner Chan.

COMMISSIONER CHAN. As usual, I only have one question for each expert. I'll make it short.

Mr. Green, one of your comments is a challenge to increase the financial aid for the highly qualified student in higher education. Right now, most of the schools have scholarships for higher grade students and so on. So what do you have in mind?

MR. GREEN. There are academic scholarships for students, and some of these students are minority students. But there are a number of students who may not be able to reach the qualified number for admittance to a school. They have the potential. They just need the opportunity. Those students are left out because they don't always meet the criteria for the academic scholarships, but given an opportunity to get into a school, they blossom and they bloom with the proper support.

COMMISSIONER CHAN. Ms. Weinstein, what is your opinion about this? Of course, increased funding, we're always talking about money. From the government point of view, is there any solution to this?

MS. WEINSTEIN. To what? The problem of insufficient funds?

COMMISSIONER CHAN. Yes.

MS. WEINSTEIN. Well, I think as you look at some of the examples in this little booklet, you will find the successful schools are not always the ones with the most money. As was said earlier, you will find in a district that one school stands out. It's getting the same money; it's using the same pool of teachers. What makes the difference?

I'm not sure there is one model. I'm sure there isn't one model. So it's not a matter of looking at it under a microscope, finding the model and then let's copy it, but being inspired by these various examples to be creative about your own solutions and your own school.

It's not how much money; it's how you divide up the money that you have, how you set your own priorities, I think, that makes the most difference.

CHAIRMAN ALLEN. Staff Director Jenkins.

MR. JENKINS. One quick question, perhaps to the practitioners. Under the auspices of school reform, many States have passed laws for competency exams for teachers and also for high school students. What role does this play in really delivering quality education to the student?

MR. SMOAK. I think it has played an important role. In our district, we have basically an exit exam at every grade level. In the first grade, there are objectives that you must meet in order to move on to the next grade level. If you have not met those objectives, then we give you an opportunity during the summer to go to a district-paid summer school to work on those objectives, and if you are in a position to complete that, then you move to the next grade level. If not, then we go back and remediate you.

The key goes to tie into that.

Let me say something about the competency-based testing as it relates to teachers. We have a problem right now—and I don't know about in this area, but in South Carolina we have a problem finding qualified people, especially minorities. I'm having to go to Montana, Vermont, and these places to try to find teachers. Here I go with funding again. But when I bring in a teacher who has to go through the rigorous training, and then I say, "All I can offer you is $18,000," they tell me, "No, I can't talk to you."

I tried to recruit a computer science teacher, and I was really stretching it, saying, "We can pay you $22,000 to start off." He said, "Well, I have an interview with this company." They offered him $38,000. There was no way I could compete.

So once we go through the rigorous training, yes, we may get that person if we are lucky to get that person to come to us. However, I'm finding out that, with the stipulation and the requirements that are being passed down now, most folks are not going into education. So I don't know what's going to happen in the future in terms of finding people to even teach.

So I see that as a step toward improvement, and yet it is a step to run people away. I don't know the answer.

As it relates to the students, I think it's great because we are now making sure that we look at what the student must know in order to move from one step to the next step, and I think it will eliminate some of the things I've heard even today that schools are not producing. So I think we will be able to do that.

CHAIRMAN ALLEN. Ms. Weinstein, you want to address that.

MS. WEINSTEIN. If I could answer next because I'm going to have to leave.

CHAIRMAN ALLEN. Yes.

MS. WEINSTEIN. I think the problem with competency exams all too frequently is that they are measuring the wrong things. They are not measuring what is relevant to achieving the objectives of the school.

As to getting better teachers, there are other ways of approaching the matter. New Jersey has come up with alternative certification requirements that permit people who are in other occupations to do a dramatic career move and go into school teaching, from being an engineer or a computer scientist or whatever. And what they do is basically permit the new teacher to earn his or her certification while they are teaching.

They basically serve as interns for that first year. It seems to have worked marvelously. Again, that is a matter of creativity, not money.

CHAIRMAN ALLEN. Thank you, all. This has been a wonderfully fruitful panel. I have questions but not time, so I will not ask them. I will, however, indulge a 30-second lament, if I may.

My lament is that we don't have someone sitting before us who comes from a school district that is failing and has been failing for a long time. That only occurred to me as we sat here and I listened to you all speak so powerfully, that in a way successful people don't understand failures, and we probably ought to hear from failures directly if we want to appreciate the very problems we are trying to discuss here. I'm not sure how we are going to get at that, but I know that you have raised that question for me, and we'll find some way to do it.

Thank you very much.

We will recess and we will reconvene at 1:30 after lunch.

[Recess.]

Afternoon Session

Expanding Opportunities: Business Development

CHAIRMAN ALLEN. I am happy to see that our panelists have already gathered before us: Mr. Alfred Hui, Mr. Edward Hoffman, Ms. Linda Chavez, and Dr. Timothy Bates. Welcome.

We will resume this afternoon's session in which we shall be discussing expanding opportunities and business developments. I'm sorry that some of my colleagues are still detained, but I'm sure they will be in momentarily. You see Mr. Friedman, our Vice Chairman, joins us even as I speak. We will go ahead and open up with the expectation that we will be at full strength very shortly.

We will begin, according to my list, with Dr. Bates, professor of economics from the University of Vermont. Dr. Bates.

Statement of Timothy Bates, Professor of Economics, University of Vermont, Burlington, Vermont

DR. BATES. Thank you.

I have been working for the calendar year of 1988 on a very exciting project, not just for academics like myself but for an audience such as this. I think the work that I have been doing is path breaking, modestly stated, and I'll share some of the results of my findings today, as well as say a very few words about methodology.

I will address my remarks to three groups of the self-employed and briefly explain my rationale for looking at these three groups.

The first group is self-employed white males. They are going to be my reference point, the norm against which I compare the other two minority groups, and these white males in the period I'm interested in accounted for nearly three-quarters of all the small business startups in the United States. I'm talking about small business startups from 1976 to 1982. The exact figure was 72 percent.

The second group I'm interested in did much better than the white males. This group was Asian males. They accounted for approximately 2 percent of the business universe in 1982. I'm sure that today they are well above 2 percent. But this particular subset is successful—success measures would refer to profitability, growth rate of businesses, failure rates, you name it. Their failure rates are lower; their profits are higher; their growth rates are faster. Here is a particular group that is clearly outperforming any other group that could be called a minority, majority, or whatever.

The third group I'll talk about is the black male self-employed group. They are also slightly less than 2 percent of the universe of business startups from 1976 to 1982. In terms of small business performance, they are the laggard of the three groups. Relative to the norm of white males, the black male self-employed group generally is a less successful group. Their businesses show higher failure rates. The size of the firm is smaller. Standard measures such as ,profitability would be laggard relative to white males.

So we have a normal, a real true success story, and a group that is lagging below the mean performance, and I can say some very concrete things about these three groups. And here I get to say my 90 seconds worth of methodology because of an absolutely unique survey that has been compiled by the U.S. Bureau of Census. It first became available in January of 1988. It is classified. They will not allow it out of the building. So, indeed, I've had to go to Washington, D.C., to do all of my work. But it's been worth the hassle of living in D.C. because the database is absolutely a breakthrough.

In 1986 the Census Bureau sent out 125,000 questionnaires to self-employed people nationwide. Very few people are even aware this survey exists. This 125,000 self-employed was stratified into five samples. Minorities were overrepresented. So it's really five samples of 25,000 each, and those five samples were (1) blacks; (2) Hispanics; (3) women; (4) white males; and (5) other. The "Other" group is dominated by Asians. There is a nontrivial number of American Indians, but it is really largely an Asian group, and I netted out of that particular sample everybody but the Asians.

Now, 81 percent of these questionnaires were returned. They were combined with all the 1982 data that were available in the Internal Revenue Service records, as well as the social security records, so we have a merging of data files from a number of sources, giving us fairly consistent data on not only firm measures, such as industry, employment, sales, and so forth, but also a great deal of information about the individual owner.

This is the breakthrough: In the past you could look at census population data, and it would allow you to look at self-employed people as people, tell you nothing about their businesses. Or you could look at other sources and it would tell you about businesses—Dun & Bradstreet files, certain census economic statistics. It would tell you about business but absolutely nothing about the people who ran them. In the case of small business, having one or the other is really quite useless, so this database provides both.

The entrepreneur is really the crux of the story, and now you have the traits of the entrepreneur in some detail, combined with the financial information, not just sales but also very interesting information collected in the survey form on the initial capitalization of the firm—equity capital, debt capital, sources of debt, sources of equity. I could go on for hours, but I have only been given 15 minutes.

[Laughter.]

Now, just a very, very brief overview of some of the reasons that I would label the Asian males as a success, causal type reasons: What's going on here that makes this group stand out a startups? It's not just the end result of success, but what are the inputs?

The input number one that stands out dramatically is that nearly 60 percent of all the Asian businesses started in this period were started by college graduates. That's phenomenal. The white male group is not even close. The comparable figure there is 35 percent. There was even a smaller study done of Korean greengrocers in New York City, and 77 percent of them had college degrees. One had a master's degree in pharmacology, and another had a master's degree in engineering.

This is absolutely remarkable, the level of what we'd call human capital that's going into small business, partially caused by quirks in our immigration laws that make it easier to immigrate to the United States if you do have, say, $35,000 in your hand that you're willing to invest in a small business and a college degree. Hence, we have some skewing that might work itself out over time, but in the short run, this is absolutely remarkable.

One reason this group is so successful is because this is a level of educational background that is without rival in the small business universe. There has never been anything like it, and all indications suggest that it has continued into the 1980s, through 1988.

These highly educated individuals, of course, tend to go into lines of business that reflect their educational background. The greengrocer is not the norm. They may be highly visible, but the overrepresentation is much more substantial in professional services, in finance, insurance, and real estate—industries where a college degree is the norm, and where levels of return are well above the average for all small businesses.

So you might see many marginal Asian businesses out there. Indeed, even in the marginal lines of business, small-scale retailing and personal services, life may be tough there, but the Asians are doing better than the white males or the females or any of the other groups. On an industry-by-industry basis, pick your line of business, and the Asian business start-ups in this area will be ahead of everybody else.

The educational background is there. The managerial talent and experience undoubtedly goes with it; the disproportionate entry into high-yielding lines of business, the low failure rates, and the other thing that stands out is the single most important trait from a predictive point of view is the size of the financial investment that they are putting into these firms.

The financial investment—I have a few figures in my paper. For the Asian group, the average financial investment in a small business startup between 1976 and 1982 was in excess of $57,000. That is somewhat skewed by a few large startups, but if we look at the median statistics, you'd see, once again, that their financial input in business startup is much higher than any of the other groups. The mean figure for white males, by contrast, was about $44,000. The mean financial capital input for black males was significantly lower.

So here are the inputs, the ingredients that are an absolute tremendous success story: a great degree of human capital as typified by the college degrees, a high level of financial capital investment, and of course, entry into lines of business disproportionately that are above average in terms of yield.

Yet, from a policy standpoint, which I assume this group is interested in, Asians are still eligible as a disadvantaged group for an array of Federal programs. Some of these programs, such as small business assistance from the SBA, they don't really utilize very much, but small business assistance that is minority targeted is set-aside business. And in set-asides we're talking about billions of dollars worth of contracts, not only at the Federal level but at the State and local level that are targeted toward minorities.

Indeed, in one of the cases in the Supreme Court set-aside law involving Richmond, Virginia, which the Supreme Court is presently hearing, one of the points raised is that it is utterly ridiculous to have a privileged group such as the Asians available for preferential treatment in the city of Richmond's set-aside program.

So the Asian self-employed—their inclusion as a disadvantaged minority group eligible for preferential treatment in a SBA loan procurement or set-asides or whatever is totally inappropriate. It is simply past history. It doesn't fit anymore. It should be eliminated.

Enough said about Asians. Let me shift over to the black group and talk about some of these same ingredients of business success.

First of all, incidence of college graduates. Interestingly, if we look at black males versus white males, the rate of increase of college graduates in self-employment is greater for black males, but they are starting from such a small base that the incidence of black males with 4 or more years of college was actually 27 percent in the period that I looked at in terms of small business startups—27 percent of black males, 35 percent for white males, and nearly 60 percent for Asians—very, very substantial differential there, a lagging human capital input.

Failure rates are higher. Lines of business being entered—disproportionately the lines of businesses or things like personal services. Personal services as an industry has the lowest level of profitability of any line of small business in the United States. Another very popular one has been transportation. Transportation has the distinction in the 1980s of being the single line of business with the highest failure rate.

Small-scale lines of business, small-scale retailing, personal services, transportation—transportation is trucking firms largely, in case you're interested, and secondarily a concentration in taxicab ownership. These lines of business are really the bottom of the pack relative to the overall array of business that might be entered, and that is one reason, of course, that failure rates are higher.

Finally, the single bit of information that has the most explanatory power in terms of business viability, business sales. Business survival is the financial capital input. Financial capital input was highest for the Asians, and much, much lower for blacks. The differential there is greater.

As we look at financial capital input, the differential is at its maximum when we look at debt capital. The mean debt capital input for the Asian group was $28,400; white, $24,000; black, $11,500—a tremendous differential, smaller debt input, smaller equity input, with smaller financial resources. Much smaller firms are set up in these small-scale lines of business, such as personal services and retailing.

And many of these businesses, more than any other minority group—more than Asians, more than Hispanics—are small-scale inner-city firms that cater toward a ghetto market, a minority clientele. That is significant. When we look at the concentration of inner-city firms in the minority community, serving a minority clientele, we see once again the disproportionately high failure rate.

The programs that the government has used in the past, such as SBA's economic opportunity loan program, targeted this group for assistance, and these programs have failed. They simply did not work. They targeted exactly the small-scale personal service, retailing firms where the owners were entering business without the human capital, without the educational credentials. The firms were too small to be viable. Median loan sizes were totally out of line with business viability. And the owners, even with larger loan size, really did not have the ingredients of small business success to capitalize upon them.

This particular subset of the black business community is not worth the effort. A public policy into this group does not work. Businesses are formed here very frequently without the ingredients of success. A few will succeed. Fine. From a public policy point of view, I don't really think the public policies can be designed effectively to assist this group.

That is not everybody, however. As I mentioned, the 27 percent that are college graduates represent a great increase in a relative sense from a small base, and the college graduate—let me give you an example of a subset of the black business community that does not fit the portrait of the walking wounded that I just described.

It is a college graduate, probably in his forties, been out in business for a while, starting not with the pathetically small amount of financial capital, but with financial capital well above the average portrayed for all black business startups. The college degree is there; the managerial experience is there; the larger financial capital input is there; and another trait that is very important when we see firms such as this, not targeted toward the narrowly constrained ghetto market, but competing more in the open marketplace. That is the package of viability.

Human capital, financial capital, competing in the open marketplace, a relatively small subset, which I call the emerging subset in my paper, does have the potential to create role models, success stories, a track record in small businesses that's been lacking in the past. Public policy, if it is to be effective in this area, will try to propel this particular subset on the trajectory of success that it is already on.

Thank you.

CHAIRMAN ALLEN. Thank you very much, Dr. Bates, for that intriguing contribution. We will return to it in the question period, I'm sure.

Before I move on, I wish to repair an omission and state for the record that we do have translation services available for anyone who is present and who may be hearing impaired. It would be good indeed if there were someone requiring those services present, if they would at this moment raise their hands. Otherwise, we would certainly afford our translator the opportunity to take a rest.

Having said that, I want to welcome Linda Chavez. Linda is president of the Equal Opportunity Foundation, and I would certainly be remiss if I didn't also say that Linda has in the past, of course, sat on the other side of these two tables, having served at President Reagan's appointment as Staff Director for the Commission on Civil Rights.

Welcome back, Linda.

Statement of Linda Chavez, President, Equal Opportunity Foundation, Washington, D.C.

MS. CHAVEZ. Thank you very much, Mr. Chairman. It's a pleasure to be here and to see some of my old colleagues and new and old friends.

I come today, I guess, as one of those Hispanic women who is self-employed for the moment. I come not to talk so much about business development as I do about the equal opportunity portion of that equation. And I'd like to talk about equal opportunity as it relates to the Hispanic community of the United States. But in order to talk about opportunity and where Hispanics are going in the United States, I think it is important to begin first by looking at where Hispanics are, and that will be the focus of my comments this afternoon.

I'd like to first of all begin with an overall picture of the Hispanic community, and then to try and discern whether or not the picture of Hispanics that emerges from the media, from various academic studies, and from the mouths of many Hispanic leaders in my community, is as pessimistic as it would appear from the statistics, which I will cite. I'd like to talk about the important differences between different subgroups within the Hispanic community because the Hispanic community is one of the most diverse communities of any group in the United States. Hispanic are white; they are black; they are brown. They trace their history 3 minutes in the United States and more than 300 years. So it is an incredibly diverse community, and it is difficult to try and get an understanding of that community by dealing with it as if it was homogeneous.

I'd also like to talk about the role that two characteristics of the Hispanic community play in Hispanic achievement. One is the role of age, and the other is the role of nativity or where Hispanics were born, either foreign born or born here in the United States. Then I'd like to end by giving some sense of what this more complex description of the Hispanic population portends for the future.

Hispanics are the fastest growing, or at least one of the fastest growing, of all groups in the United States, and I believe they are also one of the least understood. Within two decades, it is estimated that Hispanics will become the largest minority group in the country, surpassing blacks. The Hispanic population of the United States has, in the years between 1980 and 1987, grown by more than 30 percent, and they now number more than 19 million persons nationwide. If the current trends persist, both in immigration and in birth rates among Hispanics, we can expect that by the middle of the next century one of every three Americans will be a person of Hispanic descent.

Not everyone hearing these statistics is pleased at this projection of the growing influence of Hispanics in our population. Some persons in this society would like to see this projection thwarted by restricting immigration from Latin America, and some of these persons are motivated by the kind of xenophobia that prompted the exclusionary laws of the 1920s. Others, however, fear that the increasing numbers of Hispanics in the population will mean greater numbers of poor, uneducated, unemployed persons whose increasing proportion of the U.S. population will mean a poorer and less productive nation.

A look at the overall statistics relating to Hispanics would seem to support such fears. But, as I intend to show, such statistics often obscure as much as they reveal. The demographic profile of the Hispanic population of the United States shows the following:

- The median level of education in 1986 was 12 years compared to 12.7 for the total population.
- Median earnings were just under $20,000 compared to nearly $30,000 for all Americans.

- The poverty rate was nearly 25 percent compared to 11 percent for the total population.
- Unemployment was 10.2 percent compared to 7 percent. And, by the way, those figures have come down for both Hispanics and non-Hispanics since 1986.
- The percentage of Hispanic families headed by a female was 23.4 percent compared to 16.2 percent.

But the Hispanic population is far from homogeneous, and there are important intragroup differences which are apparent between subgroups. For example, Mexicans, who are by far the largest subgroup within the Hispanic population, have the lowest educational attainment of any of this group at 10.8 years in 1986. Cubans had the highest education attainment at 12.4 years.

In earnings as well there are important variations between the groups. Mexicans earned $19,326 in 1986 as median family income; Cubans $26,770; and Puerto Ricans, the lowest, at $14,584.

But by far the most disturbing variation in the statistics related to Hispanics occurs in the percentage of households headed by women, and the not unrelated factor of poverty among Hispanic subgroups. Only 17.7 percent of Cubans lived in households headed by women; 19.2 percent of Mexican households were headed by women; but a staggering 43.3 percent of Puerto Rican families were headed by women. Not surprisingly, the Puerto Ricans showed the highest poverty rate among Hispanics as well, with 38.1 percent living in poverty. Nearly one-quarter of Mexicans lived in poverty, but only 13 percent of Cubans.

While such variations suggest that some groups are doing better than others, these statistics still obscure important variations within the subgroups of Hispanics. First, the statistics obscure the important effect which age has on the socioeconomic indicators for Hispanics. Second, they underestimate the importance of nativity.

Hispanics on the whole are a relatively young population, but not all Hispanic groups share this attribute. The median age for all persons in the United States was 31.9 years in 1986, but for Hispanics in general it was 25.1 years. However, Cubans were by far the oldest subgroup, surpassing the national median at 35.8 years. The fact of median age alone undoubtedly accounts for some of the differences in earnings between one Hispanic group and another and between Hispanics in general and the total population since earnings tend to peak during middle age in the late forties and early fifties.

Perhaps more importantly, Hispanics are a heavily immigrant population. A majority of all Hispanics living in the

United States today are either foreign born or are the children of immigrants. One-third of the entire Hispanic population was foreign born as of 1980. Nativity is important for a number of reasons: Immigrants tend to be less educated than native-born persons; their earnings are initially less, but they eventually catch up to the earnings of the native born; and immigrants are a self-selective group that can be expected to perform well in the United States the longer they are here.

One study of Mexicans who immigrated in the 1970s showed that their median level of education was 6 years. A comparable group of Cuban immigrants had a median education attainment of 9 years. Since one-quarter of all Mexican-origin persons in 1980 was foreign born, it isn't surprising that the education of all Mexicans when lumped together, native born and foreign born, is low. When education is broken down by nativity, native-born Mexican Americans showed a much higher education attainment: 11.1 years compared to 12 years for non-Hispanic whites in 1980.

I might add that the dropout rate among Hispanics, which is the highest of all groups in the United States, shows a similar effect of nativity. The Rand Corporation, in a study of the effects of Mexican immigration in the State of California, estimated that when you control for nativity, Hispanics in California who are native born have a similar school completion rate, about 80 percent, as do non-Hispanic whites. It is much higher when you deal only with foreign-born Mexican immigrants.

Foreign-born Cubans in 1980 had a higher median education attainment of 11.7 years, owing to the higher propensity of Cubans to continue their education in the United States and also the duration of U.S. residency. They are a group which proportionately has been here longer than the group of Mexican immigrants who are here now.

Education and time in the United States play important roles in determining the earnings of immigrants. Again, it is important to look at statistics on earnings, not just by subgroup within the Hispanic population, but by nativity as well. Among Mexicans, for example, overall median earnings were $14,510 in 1980, but native-born Mexican Americans earned $16,010 compared to $13,000 for foreign-born Mexicans.

Studies of the earnings of immigrants demonstrate that immigrants initially suffer earnings losses because they lack marketable skills in their new economy, not least of which, by the way, is a knowledge of English. Nonetheless, over time, immigrants are able to close the earnings gap with their native-born counterparts. Recent arrivals earn as much as 33 percent less than their native-born counterparts. Eventually, however, immigrants not only close the earnings gap but surpass the native born. After 15 years of residence in the United States, Mexicans surpassed the earnings of their native-born counterparts; after 18 years, Cubans surpassed the earnings not only of their native-born Cuban American counterparts but also of non-Hispanic whites.

These statistics are highly surprising given the self-selective nature of the immigrant population. Immigrants tend to be highly motivated risk takers. Latin immigrants also appear to be better educated than their countrymen. Although Mexican immigrants had only a sixth grade education, this was nearly twice the level of education of their countrymen. Cuban immigrants, too, were better educated than those persons who stayed behind in Cuba. What this suggests is that the United States is benefiting from the immigration of persons who are both highly motivated and better educated than the countrymen they left behind.

It also suggests that as the Hispanic population ages, as immigrants live in the United States longer, and as both immigrants and native-born Hispanics increase their education levels, future progress among Hispanics is likely to occur at a more rapid rate. It is not to suggest that Hispanics do not continue to suffer some disadvantages, and some Hispanic groups suffer more than others, particularly Puerto Ricans. What it does say is that opportunities will continue to move Hispanics into the economic mainstream in the United States in the decades to come. Given the projected growth of Hispanics in the next several years, all Americans will benefit from this expanding opportunity in the Hispanic community.

Thank you.

CHAIRMAN ALLEN. Thank you very much.

We have next to hear form Mr. Edward Hoffman from EDH & Associates from Escondido, California.

Mr. Hoffman, welcome.

Statement of Edward Hoffman, EDH & Associates, Escondido, California

MR. HOFFMAN. Thank you. It is a pleasure to be here. I'd like to thank the Commission for allowing me to give this testimony, and I would also be remiss, Mr. Chairman, if I didn't say that it's ironic I sit here before the Commission when my good friend, Clarence Pendleton, isn't around to hear me. We sat up many hours into the late evening discussing the role of the government in civil rights and the role of economic development for minorities, and I shall sorely miss him.

By the way, I was the former Director of the Eligibility Office for the United States Small Business Administration in

Washington, D.C., prior to my early retirement in 1985, and I have a knowledge of SBA, its programs, its people, and some of the problems that the agency faces. And I'd like to talk to you a little bit about the 8(a) program. I'd like to explain what the 8(a) program is and put it in context for some recommendations that I have to make. I'd like to discuss the laws a little bit that govern the 8(a) program; I'd like to talk about its successes and its failures. I'd like to touch on some of the staffing. I'd like to discuss some private sector initiatives. I have some modest remedies and recommendations.

Not all of my approaches are original with me. Some I have kicked around for years. Some have been polished up a little bit, but I intend to be candid, and I intend to let the chips fall where they may.

How does the 8(a) program work? The 8(a) program is a program in which SBA, the Small Business Administration, is allowed to take contracts from other Federal agencies and then award them, subcontract them, to designated minorities and disadvantaged businesses. They do this with the assistance of the other Federal agencies, obviously. These contracts are noncompetitive.

That doesn't mean that the company is not capable. It doesn't mean the company doesn't have to negotiate price. In lieu of bidding for these contracts, the firm supplies SBA with a very comprehensive business plan. SBA reviews this business plan and looks at things such as social disadvantage, economic disadvantage, ownership, control, management capability prior to accepting the firm into the 8(a) program so that they may perform on these government contracts.

Up until recently, it was a two-stage plan. There had to be contracts available for the firm in the Federal Government, and then and only then could they submit to SBA a business plan. That has changed, and I'll get to that when I give you a synopsis of the new law.

The 8(a) program began in 1968. It was a test cities program under President Johnson—and I was there at the time—in which we tried to get contracts to companies that employed minorities. It evolved under the Nixon administration into an ownership program, and for 10 years—for 10 years—it struggled along without statutory authority. Finally, in 1978, after a series of hearings by Lawton Chiles, and after many abuses and fronts, being white companies owning minority companies and we didn't know about it, Public Law 95-507 was passed.

Basically, it did three major things. It established an Associate Administrator for Minority Business in Washington, D.C., a centralized authority who would make final decisions. It established strict eligibility criteria for entering the program, and it created in other Federal agencies Small and Disadvantaged Business Utilization offices, SADBUs, whose job it was to be sure that they got those requirements, those contracts, into SBA, to make sure those Federal agencies met the goals of the 8(a) program.

It was followed in 1982 by Public Law 96-481, which set a fixed program term because some people were saying, "Well, you can be in this program forever. When are you going to get out?" So they set up arbitrarily a fixed program term—5 years under the first stage, and then you had to come back to SBA and beg for 2 more years, and it was an administrative nightmare. That has been changed by the new law, which is now 9 years from the time you get in.

What I'd like to do quickly is go over some of the salient points of the new law, which is Public Law 100-56. I can't give you all of the criteria in the new law, but I think it's worth reading at some point. But I would like to point out a few things that I'm going to touch on.

It restricts SBA's authority to deny certification to firms on a contract basis only. In other words, if you can't find contracts for a firm immediately, you can't turn the company down, because those contracts might show up later on in the Federal Government.

It establishes a maximum program participation of 9 years from the date of certification.

It divides the program into two stages: a developmental stage and a transitional stage.

It establishes a loan program for 25 years and $500,000 to provide program participants with an additional source of capital for hard assets, such as plant equipment and working capital for manufacturing.

It requires competition in the later years among participants, and not only that, if a contract goes over $5 million for manufacturing and over $3 million in any other area, that also has to be competed.

Finally—well, two things. It requires the Associate Administrator, the man who runs the program, to be a civil servant rather than a political appointee. It requires SBA to hone up its data collecting.

Finally, it establishes a Commission on Minority Business Development to assess the programs, and the Commission will be comprised of chief executive officers of disadvantaged business concerns, nondisadvantaged business concerns, representatives of educational institutions, historical black colleges, other minority institutions, etc. It's a very encompassing law, and it is intended to try to put this back into a business development mode as opposed to a strictly contracting program.

What are some of the successes of the 8(a) program? Someone said, "The program has been in existence since 1968. That's 20 years. What's been going on?"

In 1988 the SBA awarded $3 billion in Federal contracts to minorities in socially and economically disadvantaged business. There were 3,000 minority firms actively participating. There are 350 new companies every year. That's going to double because of the new law. There are more disadvantaged firms than ever doing business with the Federal Government, not only under 8(a) but bidding on government contracts. Minority employment is increasing in business areas that are nontraditional, in many, many sophisticated areas.

We have companies—I say "we"; I sound like an old SBA employee, don't I?—there are sophisticated areas such as simulated trainers for the Air Force where companies are supplying the Air Force with trainers where the pilot doesn't have to go up in the air to learn how to fly. Ship building—we have one in San Diego, a black company that's building ships. And complex computer-related programs. And I could go on. We are away from the strictly mom and pop, the small construction, electrical contractor kind of business that we knew of in the sixties and seventies.

"Well, that sounds pretty good, Ed. That sounds like a pretty good program."

Well, what about the failures? SBA has a woeful record of assistance in areas other than in contracts—management assistance, financial assistance, loans, lines of credit—very poor. Woeful records on firms who have left the program. How are they doing? What do they need? Where are they? There has been benign neglect or worse from our recent administrators of SBA. There have been—excuse me for saying this—less than competent people running the 8(a) program. They have been picked for ethnicity and political purposes, not for competence. This may change with the new law.

There is little communication between SBA and the Department of Commerce's Minority Business Development Program. My God, MBDA is supposed to coordinate the programs of the Federal Government. They have outreach programs. They use SBA's figures when they say how successful they've been. Yet, the MBDA director has made publicly disparaging and denigrating remarks about not only 8(a) but about all of SBA's programs, and this is a man whose name has been just recently in the papers slotted maybe to become Administrator of SBA.

There have been no meetings with the SADBUs that I talked about. When is SBA going to sit down with these procurement guys and women in the other agencies and say, "What's been going on? How can we increase the program? Are we taking the right kinds of requirements? Are we giving them to the right kinds of businesses? Where are we wrong? Where are you wrong?"

But the biggest failure of all is it's a program that's just a contracting program—exactly the opposite of what Congress mandated it to be.

Well, how about some modest remedies and recommendations. What if I were God, what if I were able to whisper into the ears of this administration or into the ears of somebody who could change this program and do something about it, what would I do?

I'd find an Administrator who understands business, who is sensitive to the needs of all people, and who has administrative skills. I would have more than a caretaker, because imagine a CEO in a private company running a $3 billion program who treats it with benign neglect? Where would he be?

I would pick an Associate Administrator, the man who runs the 8(a) program, he or she, who has familiarity with the 8(a) program and with SBA programs, because you don't need 6 months or a year to bring this person up to snuff. I would make sure this person had credibility with the minority and majority communities, and I would make sure the person has a spotless record.

Forgive me again, but there are three people in SBA who fit that bill perfectly. One is Isaiah Washington, the man who runs the minority program for SBA and all civil servants in Atlanta, Georgia, in this area, Region IV. There is Mr. James Gordon, who is a Deputy District Director in the L.A. office. And there is Francesco or Pancho Morrero, who has my old job as Director of Eligibility. All of these people happen to be minorities, but they also happen to be bright, talented, managerially capable, and incorruptible.

I would make sure that this Commission that I spoke of that is going to be created by the new law is made up of really topnotch people. I would reach into my bag and I would pull out some of the people who, let's say, knew about the program and were able to help the program in the past and could do something in the future. There are three former Associate Administrators who also fit that bill: Mr. Arthur Magzia, Mr. Bill Clement, and Dr. Robert Wright, who happens to be the last competent 8(a) Associate Administrator that we've had. Those are credible people who would be an asset to the program.

There is one person in the majority community that I would also like to talk about. His name is Dick Durkin, and some of his ideas I have incorporated into my remarks today. Dick was the former Regional Administrator in Chicago. He is a man who would also bring credit to this Commission.

Some other things I'd do. I would consolidate some of the programs of MBDA, the Minority Business Development Agency in Commerce, and the SBA, such as training, packaging, and outreach functions. That has not been politically feasible in the past. It may not be politically feasible in the future. But if it isn't, let's bang their heads together. Let the Commission do it. Let's form a task force. Make sure they work together as a team. Let's not pull apart anymore. That's one thing we've always done. We've pulled minorities apart with a little tiny piece of the pie and made them crawling over each other and nobody gets anything.

Let's create a workable program for graduated firms, firms that have left the program. Let's give them assistance in marketing in the private sector. Let's match them up to bid jointly on government contracts. Let's allow them to participate with current 8(a) firms for a limited time so they can give some of their intelligence and experience to these 8(a) firms in return for getting a share of the contracts. It can be done.

How about the private sector?

I'm almost finished. I'm trying to rush here.

Let's give incentives in the area of acquisition and mergers. When is the last time you read about minority companies being part of an acquisition and merger program? If I were the Administrator of SBA, if I were the people running this government, I would meet with representatives of the Fortune 500, a number of whom have minority business programs. I would identify subcontractors who perform for these prime contractors, and I would see if I couldn't get some of them to say, "Hey, we're interested in being bought out. We don't want to be in business anymore," and go and find minority companies who would like to buy those companies, and I'd help them in buying them by providing them low-cost loans. I'd get them front money from the government or from the prime, who would take an equity position in the firm, in return for the seed money for a limited time, with minorities able to buy back in time that piece of equity.

I would give them tax incentives. I would give them extra points in bidding for prime contracts with the government. You create a merger. The next time you bid on a government contract, if you're lucky you get extra points for it. Boy, that's an incentive and it's a positive incentive.

I would give incentives to States to create set-aside programs. Some of them have them; some of them don't. Some of them say they have them and they're not doing very much. SBA can help. We can say, "Heck, if we can build highways across this country with 90 percent Federal money and 10 percent State money, we can help the States with their minority development programs."

As I said, the program is 20 years old. The next decade is critical. There is increasing criticism from minorities themselves, from the private sector, and from the other government agencies who are leveling off their requirements now.

My dad used to tell me that he who stands still falls behind. I would fervently hope that the Civil Rights Commission could have a positive influence in this administration so that development for minorities and other disadvantaged businesses will not stand still.

Thank you.

CHAIRMAN ALLEN. Thank you very much, Mr. Hoffman.

We will now hear from Mr. Alfred Hui, chief executive officer and president, Western International Insurance Company in Huntington Beach, California.

Statement of Alfred Hui, Chief Executive Officer and President, Western International Insurance Company, Huntington Beach, California

MR. HUI. Thank you, Mr. Chairman. Thank you for the opportunity you have given me to appear in front of the U.S. Commission on Civil Rights. This is my first appearance in such a political function, and I would always appreciate your comments and assistance.

The first thing I would like to say is that I totally disagree with one of the remarks made by the previous speaker who pinpointed the Asian American group as a highly successfulgroup and wants to penalize them for success. What I think we need is encouragement.

Let's look at some numbers. Numbers could be misleading a lot of times. I'm quite sure most of you have seen financial reports in various versions. There is no need to pick on a certain few very successful examples, meanwhile neglecting the majority of the families and the sacrifices being put through to back up this success.

I give myself as an example. I came to this country around 16 years ago, and I speak very poor English. I work hard, I sacrifice a lot.

How many of you are aware that the Korean grocery store on the street corner is open 24 hours a day? Their whole family works there 24 hours a day. They achieve all this with very little assistance from the government. The family life is in very, very poor condition. There are mental health problems. The social assistance program being put through for them is very limited. There are language barriers. There are cultural barriers. And it is very difficult to try to merge yourself into the mainstream of the U.S.A. society.

Another example, talking about sports. Try to talk to some minorities, Asian minorities, about sports and see how many of them can really talk sports.

This is the kind of thing that this group encounters. Like Ms. Chavez was mentioning earlier, the success of this particular group does match with the immigration pattern. The longer they are in the U.S.A., the more successful they tend to be than the native-born minorities. There's a certain pattern there, except this Asian American group probably sacrifices more and puts more into the efforts and sees the rewards.

Okay, so much for my remark on that area.

I wanted to give a little bit of introduction of my insurance company. We are probably the first and only Asian American owned and operated insurance company in the U.S.A. We do strictly commercial insurance underwriting. This will be our fifth year in business, and we started to issue our first commercial insurance policy in 1984.

The founders of this company are all immigrants, poor immigrants with no money, but they are college educated. And what little they have, they work hard and they save enough money and they make use of good opportunities, and they become relatively wealthy, and then they wanted to start an insurance company to service the community because apparently the insurance available to the community is very limited.

I remember when I was a trainee working for another insurance company. I was in Boston at that time. And when a risk was presented to the insurance company, the risk was located in Boston Chinatown. And I remember my manager saying, "What? Writing business insurance in Chinatown?"

This is the kind of thing that we don't need. This is why this insurance company started. We wanted to service our community.

Then as time went on, we had pretty good success, and right now, hopefully by the end of this year, our capital and surplus would surpass $5 million.

Now, what we do is that we naturally have to work very hard, and also make some very key strategy moves. For example, the way we do our business, 50 percent of our clients are not Asian Americans. It is a 50-50 mix in there. Right now I have 31 employees, and 90 percent are not Asian Americans, and we are not located in Chinatown either.

This is part of our strategy. I think the Asian American requires, first, more encouragement and more followup, like Mr. Hoffman mentioned earlier. We are too small to be in the game of mergers and acquisitions, but we would like to participate and set a good example for other minority classes to follow. There is a very urgent requirement for more capital assistance, for more support, and let's get into the big game.

I myself always think that minorities should never restrict themselves to a small corner, pinning themselves in there and say, "I'm a minority; I'm a minority." They shouldn't do that kind of thing. We should have a more broader mind, go into the mainstream. That's where the money is. That's where the profit is. Go into the mainstream. And the way I do my business is that I always try to point people in the right direction: Think about the whole country as a whole. Make contributions; don't just ask what they can do for you.

And the other thing is to look at the latest developments in business. Business is getting more and more internationalized. Right now we think the Asian American group is in a very unique position to help with the difficulties that the U.S.A. Government encounters in this trade deficit.

Doing business with Asian American companies and with other foreign or Asian countries, I think, would be a more acceptable bridge for both governments because of the family ties, the philosophical similarities. The Asian Americans could play a much bigger role in helping to cut down the U.S.A. Government's trade deficit with the Asian countries like Japan. This is something we have to bear in mind, and that is the direction we are moving towards.

The other thing is that there is a lack of political contacts of Asian Americans with the government. This is one of the reasons I'm here. I'd like to establish more contacts. At the same time, one other strategy that minorities can do is to join forces with other minority groups. We join forces with the blacks, the Koreans, Japanese, American Indians. We try. We don't just sit there and say, "Listen, come to us. Let's work something together." We go after these business associations, and we talk with them and introduce to them what we are, and, "Let's do something together." Only through a joint effort and merging with the mainstream can the minority businessman really develop the way that they should utilize their talent and the limited resource.

And I emphasize this—when they are successful, what they need is more encouragement, and not just cutbacks and a slap in the face and saying, "Well, you guys do well right now; get out." We need followup and more support.

The other thing that we work towards is that we line ourselves up with the best people. For example, we utilize—I'm using my company as an example—the best CPA firm in the country to audit our books of business. We utilize the best actuarial firm in the Nation to look at our loss reserve to make sure that we are financially in good condition. And when we line ourselves up with the best people, then your standard is higher. And when you work harder than the other guys, the chances are that you will outperform them.

This is the direction that we are going, and at the same time we also do a number of educational seminars in various communities. For example, we introduced a line of insurance called ocean marine insurance to a couple of minority communities who have a lot of trade activities between the Asian countries and the U.S.A. Somehow they never get to do the insurance business there, and we helped this insurance agent understand the complexity of marine cargo insurance, and at the same time we are pointing out how they could approach the subject and get a share of the market. So this is the kind of thing we do a lot of times. At the same time, we also support trade organizations. I think cross-marketing is very, very important, and the trade association within different minority groups is a good place to exchange ideas and at the same time reach out to the other minority groups. Let's work together and upgrade our entire living standard.

The other thing that we can do would be to examine ourselves: Are we utilizing all our strength in our business venture? For example, right now we are looking to work closer with the other minority banks to generate better service for the clients who have insurance needs at the same time we need more business. I'm talking about cross-marketing, both internally and externally, with other companies.

These are certain areas that we have to look into, and I'm quite sure with expert assistance the minority group would achieve their position in the United States, which I think right now is grossly underrepresented and a lot of times is being misunderstood.

Thank you.

Discussion

CHAIRMAN ALLEN. Thank you very much, Mr. Hui.

Before I turn to the Commissioners, since you have raised a question about Mr. Bates' earlier comments, I thought I might give Mr. Bates one moment, and extend you one moment further if you would like to pursue that exchange.

DR. BATES. I believe in a broad context that Mr. Hui absolutely typifies the sort of success story that stands out in my data. He is not running a grocery store. He is precisely in the industry I mentioned—finance, insurance, and real estate—where Asians are entering at a disproportionately high rate. It's an area with tremendous potential. It's a very high-earning area.

The objective measures of what constitutes a disadvantaged group do not relate to the fact that one might have to work hard to succeed in business. That is applicable to everybody, except perhaps a very fortunate few that succeed in small business. There is no real evidence in my data that self-employed Asians are working longer hours than other minority groups that are pursuing self-employment. It's a tough road. It's tough. People fail. It just happens that the Asians are more successful than nonminorities.

And when we look at other measures of outcome, such as household income of self-employed people from the census data, the 1980 census of population indicates that the self-employed Asians, both those born in the United States and those born abroad, are well above average in terms of household income, in comparison to nonminorities.

It's a struggle. They seem to be as a group brilliantly succeeding in the struggle. That's rather what the American dream is all about. Come to the United States, take advantage of opportunities, and move up.

Well, they have as a group taken advantage of opportunities and moved up, and by no objective standard do I believe any evidence has been presented to undermine any of my conclusions.

CHAIRMAN ALLEN. Mr. Hui, one further minute.

MR. HUI. I'm glad to follow that. We as a group of minorities should work together and compete with the nonminorities. We are competing with much bigger companies 5,000 times our size. And how can we compete with them if we don't work together and help one another? Again, the key thing is the need for encouragement and backup and followup support and not discouragement.

CHAIRMAN ALLEN. Thank you very much, sir. Thank all of you.

We, of course, have some time left, and we have allowed for ourselves a full discussion this afternoon. I will start at my right and call on Commissioner Guess. Will you share the microphone with Commissioner Guess, please, Commissioner Destro.

COMMISSIONER GUESS. I'm accustomed to being abused by this group in my hometown.

[Laughter.]

This is a fascinating discussion we've entered into this afternoon pertaining to those elements of success. Mr. Hui, I think it's very commendable that you have undertaken the risk of entrepreneurship, and I want to make sure I understand. Let me ask you this: Did I understand you to say that in the market that you have gone into, the majority companies were reluctant to offer the service that you provide? Is that what I heard you say?

MR. HUI. Yes, that's one of the reasons that we are in this business.

COMMISSIONER GUESS. One of the reasons that you started the business is because there was a void that needed to be filled?

MR. HUI. That's right.

COMMISSIONER GUESS. And there was a reluctance for the majority companies to go in there?

MR. HUI. That's right.

COMMISSIONER GUESS. Am I to understand, then, that your underwriting standards are less than would be normally applied in a business such as this?

MR. HUI. I would not say so. We apply the same standards, and we are not discriminating against any particular risk or group of people, except we are more willing to look at it instead of just flat-out rejection.

COMMISSIONER GUESS. Let me ask you this: In your lining up with the best in this country, is it safe for me to assume that they were the best minority firms, or did you secure your actuarial services and accounting services from majority firms? What standard of the best did you apply?

MR. HUI. Well, we used a national standard. I can give you the name. My accounting firm is Peat, Marwick Company.

COMMISSIONER GUESS. That's not a minority firm, is it?

MR. HUI. It is not. And the actuarial firm is Milliman & Robinson. Again, it is not a minority firm.

COMMISSIONER GUESS. So I take it, in terms of standards, your standards are ethnic neutral.

MR. HUI. That's right.

COMMISSIONER GUESS. You talked about cross-marketing with other minority banks. Is it safe for me to assume that your cross-marketing efforts are with other Asian banks, or when you define your cross-marketing efforts with other minority banks, are they black, Hispanic? What banks have you selected to do your cross-marketing with?

MR. HUI. Well, we just started this project not that long ago, and we would start with the Asian banks that we know the best, and we are looking across other minority groups.

COMMISSIONER GUESS. And why is it that the majority companies have chosen to redline the Asian communities that you were set up to serve? Why were they reluctant to go into these communities to provide a service based on the testimony that Dr. Bates gave? It would seem like they would be a fairly lucrative market to go after, and obviously you're making a profit at it. Is it discrimination?

MR. HUI. I would say in certain ways attitude, in order to look deeper than the surface of things. To give you an example, walking through New York City Chinatown. How does it look? Does it look like a really clean place that you want to do business in? Probably not. But if you know the area a little bit better, than you would realize it's a place where you can make a lot of money if you do it right.

[Laughter.]

COMMISSIONER GUESS. Dr. Bates, you're from Vermont.

DR. BATES. Right.

COMMISSIONER GUESS. I'd like to welcome you to Tennessee. Do you have any Asian Americans in Vermont?

DR. BATES. There is a very large IBM plant in the town of Burlington, along with a Digital Equipment facility, and I believe that has succeeded in at least quadrupling the Asian community to perhaps the size of a few hundred in the past decade.

COMMISSIONER GUESS. Is it safe for me to assume that that has generated a viable Asian American business community?

DR. BATES. No, the group is entirely a professional group.

COMMISSIONER GUESS. Entirely a professional group. So you don't have to worry about any wrath when you get home from your testimony before this Commission?

DR. BATES. No.

[Laughter.]

COMMISSIONER GUESS. I mean, I was going to invite you to stay in Tennessee.

[Laughter.]

That's all, Mr. Chairman. I'll quit while I'm ahead.

CHAIRMAN ALLEN. Thank you very much, Commissioner. You go to the heart of the matter as usual.

Commissioner Destro.

COMMISSIONER DESTRO. Thank you, Commissioner Guess. My excuse was that I wasn't paying attention.

[Laughter.]

Let me ask Mr. Hui: What kind of encouragement? You say what is needed is encouragement. What kind of tangible policy encouragement do you think minority businesses need?

MR. HUI. Well, I was a psychology major when I was in college, and naturally one of the things I noticed was that the psychological health of a lot of Asian American families—they are not that well serviced, and they have a lot of problems in the family. The father and the mother are out there working all the time, and the children are being neglected, and family problems develop.

At the same time, there are some families that pretty much work on a 24-hour basis. The father and mother in the daytime mind the store. When the children get home from work, the father and mother order them to work at the store, and they work there from 6 o'clock until 2 o'clock in the morning, and that's the time when they start doing their homework. The next thing is the mother wakes up and picks up the other shift. They work 24 hours a day. Their family life has been neglected. Their psychological welfare, mental health, has been ne- glected. I think this is one area that has to be addressed, too, among other areas.

COMMISSIONER DESTRO. Let me ask the question in a slightly different way. Based on your research, Dr. Bates, and your experience, Mr. Hoffman, Mr. Hui has described a company that got started small but basically set its sights high and immediately started to do business, using its business support mechanisms, going as high as it could afford in the mainstream business community. To what extent are the programs that you have studied, Dr. Bates, and the programs that you have worked with, organized along those models? Are they? And, if not, why are they not?

DR. BATES. The two main lines of programs that we have had in the past are loan programs and procurement programs. I explicitly mentioned the economic opportunity lending program, which was not at all geared toward encouraging minority firms to compete in the mainstream. It was not geared really toward creating viable minority firms.

I'd say that the bank guarantee programs that SBA has run probably have done much more than the numerically much larger economic opportunity loan program. The bank guarantee program, the 7(a) program of the SBA, has allowed many minor- ity banks to extend much larger-scale loans to businesses, essentially on the basis of competence, business viability, prospects for future growth. They pick out the most promising.

I think these bank guarantee programs have helped the most promising subset of minorities, such as blacks and Hispanics, that historically have had little contact with commercial banks. They have encouraged them to develop comercial banking ties. They have been targeted at the correct group, the most promising group of emerging firms. And these programs probably have not outlived their usefulness, given the sort of statistics that I see when I look at the population of black businesses as well as Mexican businesses.

I would like to extend some of Linda's remarks briefly to say that the group "Hispanic" is really too broad, I found in my research, to be terribly insightful, but when one looks at subsets such as Mexican-owned businesses, one sees a lot of potential here, but potential that could certainly reach much further if there were programs such as the bank guarantee loan programs to encourage the most promising of the younger entrepreneurs to establish banking ties to start firms on a larger scale than would be possible without the availability of these programs. So much for loan programs.

In the realm of procurement programs, I believe the last time I testified before this group I identified the 8(a) program as a program in which politically well-connected firms got a great deal of the procurement business. That to me is really absolutely abominable as a basis for distributing any sort of Federal assistance, and since I made those remarks the Wedtech Corporation has been frequently in the news.

I believe that there is a role for the procurement programs if they are, once again, targeted toward the more promising firms, the firms in the nontraditional areas. I have been actually doing some work on cities headed by black mayors. A number of these cities have had tremendous success in furthering rapid growth of large-scale black-owned business in nontraditional areas, tremendous success in creating the large-scale viable firms that are competitive, and particularly in the case of the construction industry, they are successful in generating many jobs for minorities, for blue-collar minorities.

Construction, once again, is an industry where not only have minorities traditionally had trouble breaking into certain areas as owners of firms, but as skilled workers as well. The apprentice programs of certain AFL unions were not historically terribly open to minorities, and the tremendous growth of black-owned construction companies—I would assume also construction companies run by other ethnic racial groups—has been very, very successful in some limited instances. The success formula is always looking at the emerging firm that has the potential to be large scale and viable, and ignoring the walking wounded, such as the economic opportunity loan recipient, or the firm that tries to qualify by saying, "We can't compete."

MR. HOFFMAN. SBA lets the marketplace usually dictate the type and size of business that participates in its program. But I would like to make this point. If it wasn't for the access of the 8(a) program so that firms would be able to work on government contracts and be ready and have access to them, when this technical services explosion took place in our society, changing it from a manufacturing society to a much more service-oriented society in the business world, we would not have had these companies that had performed on small data processing jobs and worked their way up until they were ready to do—the company that did the trainer that I talked about with the Air Force started out in just that way, with small software procurements under the 8(a) program, and they were there when this explosion took place and were ready to perform. That's why this 8(a) program is important, and that's why we should do everything we can to see if we can't mend what was wrong with it.

One thing Dr. Bates said that is 100 percent true is these political shenanigans that went on within SBA—outside of the eligibility office, of course, where I worked—[laughter]—in the contracting area. Hopefully, the new law, which would make the 8(a) Associate Administrator a nonpolitical individual and a civil servant, will go a long way toward alleviating that kind of thing.

But I would like to say one last thing, and that is this: The Wedtech Corporation, with all its problems, with all the money, the political shenanigans, and Congressmen going to jail, etc.—it gets played up in every paper in the country. But what about the kiting of checks by one of the largest stockbroking companies in the United States? What about all the white-collar crime?

You know, that's a drop in the bucket, but we blow it up. And this program, despite the Wedtech, is a cleaner program now than it has ever been. And I'd like to say that publicly. And I think there are a lot of things wrong with it. I have a love-hate relationship with it.

CHAIRMAN ALLEN. Thank you.

If any of the rest of you want to make a comment on these questions as they come along, just signal me and I will be glad to accommodate.

Vice Chairman Friedman.

VICE CHAIRMAN FRIEDMAN. I would again, as before, like to underline the issue here, which is the issue of changing perspectives on civil rights. Perhaps you have implicitly responded to that by the way in which you have described your various experiences, research, and so on.

But for the sake of clarity, in terms of how we review the material and think through the issues of civil rights and the matters that you have brought before us, I wonder if you could try to make some measurement of the degree to which our strategies should be modified or changed in some way relative to the traditional issues that have been our concern, such as discrimination in the development of business opportunities, and shift more or modify more in the direction of the kinds of self-help programs that Mr. Hui has emphasized—various other kinds of encouragements, including the Small Business Administration, or even such unmentioned areas such as urban enterprise zones, etc.

In other words, since this is a program meant to explore other ways of doing civil rights, if you will, or at least equal opportunity types of business, I wonder whether you'd measure the relative importance of the traditional strategies and these maybe newer ideas or less-explored ideas and include in your responses, any of you, the matter of urban enterprise zones which we have not really talked about yet.

CHAIRMAN ALLEN. Who wants to be first? Yes, Linda.

Ms. CHAVEZ. I will take this one because I think it was lost in some of what I had to say.

One of the reasons I focused on a description of the Hispanic community and where the Hispanic community is today and why it is important to break down Hispanics into various subgroups and to look at such things as age and nativity to find out how Hispanics are doing is because there is an overall sense in terms of public policy towards Hispanics as disadvantaged minority groups that they are somehow different from previous groups of immigrants who have come to the United States.

We are told that Hispanics are not moving into the mainstream as quickly as, say, Italians and Poles and Greeks and Jews did before them. It is suggested that Hispanics are likely to become a permanent underclass in this society. In fact, the president of the National Council of La Raza was quoted saying that in the *New York Times* about a year ago when a study was released about Hispanic earnings and Hispanic labor force participation.

So my emphasis was to try to suggest that looking at Hispanics today is a little bit like taking a snapshot of the Italian or Jewish community in Manhattan in the year 1913. And if you were to look at that community, at that period in time, you would find that that community was poor, that its members were uneducated, that there were higher rates of crime, that there were higher rates of dependency—not then on public welfare but more on private assistance—that there were higher out-of-wedlock birth rates, that there were questions about whether or not the family was going to survive in the new environment. And those same kinds of issues are being raised today about Hispanics, but the same causes for those factors, in terms of immigrants of the early 20th century, are precisely the causes of those factors today among Hispanics.

So my suggestion in terms of public policy is, in the civil rights area, to guarantee equal opportunity, to guarantee that our laws are enforced so that persons are not unlawfully discriminated against because of their race or their ethnic origin, but to allow the marketplace to work. Immigrants come to the United States primarily for one reason, and that is to make a better life for themselves and for their children. If we allow them to move into the mainstream by eliminating barriers to their participation, by opening doors, but now allow a natural progression to take place and not try to direct people through government programs, either into remaining in enclaves, to remain functioning in their native language, and to being treated separately and preferentially, then I think we will have far better luck in integrating those new groups of immigrants, and the result will be the kind of result we saw with the earlier integration of immigrants from other countries.

CHAIRMAN ALLEN. Thank you.

Mr. Hoffman, do you want to address that?

MR. HOFFMAN. Sure. Minority companies in the United States now own 3.5 to 4 percent of the businesses. When we started the 8(a) program in 1968, they owned 3 percent of the businesses. It's 20 years, so maybe a half to 1 percent. At that rate, it would take over 200 years to get anywhere near parity because minorities comprise 17 to 20 percent of the population.

I think there is a role certainly for the Civil Rights Commission in the area of economic development. I will say that.

In talking about urban enterprise zones, I think anything that will create a tax base, that will put people to work in areas where it is devastated, would be a positive step.

My question is: We knew 20 years ago the South Bronx was a war zone. The South Bronx today is a war zone. Why haven't we done anything?

One of the things we might be thinking about in these urban enterprise zones is, instead of giving tax breaks only to major corporations to come in and hire the minority people, let's put some minority-owned companies in these areas and give them tax breaks also. That might be something we could think about.

But, yes, there is a role for the Commission. I can't tell you what your role is. We have a tremendous trade deficit.

Tim Bates to the contrary here—if you go to any bank in any part of the United States, and you walk in with slanted eyes and broken English, and you try to get the same loan for your business that a white businessman without a beard—because I'm looked at funny, too, and I'm not a man of color, nor do I speak broken English—it tells you we have a problem in this country that has to be addressed. I'm not sure what the answer is, but I know it's there.

CHAIRMAN ALLEN. Thank you, sir.

Dr. Bates.

DR. BATES. For the last month I've been working with a particular subset of this database that I have claimed as mine. What I've done is looked at 28 very large metropolitan areas, and I have looked specifically at these 28 very large metropolitan areas on a zip code by zip code by zip code basis. I have divided up those 28 areas into areas at the zip code level that have at least 40 percent minority population versus those with less than 40 percent minority population, thus defining everything from New York, Los Angeles, Chicago, and so on down the line, not as central city or suburbia but as minority area or nonminority area.

I found that the progress of minority business has been disproportionately in the nonminority parts of those areas; that minority businesses moving into the mainstream—this is the successful subset—are disproportionately represented downtown in the central business district where they run their consulting firms and the various skill-intensive sort of business services that have been so successful. Also, the successful subset, in the spirit of going into the mainstream, are frequently found in the suburbs where the vast majority of the population is nonminority, serving a nonminority clientele, integrating into the mainstream, not only in terms of who they serve, but geographically they are integrating into the mainstream too; they are gravitating toward exactly those locations where small businesses, quite irrespective of race or ethnicity of owner, are expanding most rapidly.

There is a disinvestment in the minority areas concerning small business. There is disinvestment of human capital. If you look at the minority areas solely, you find that the business that is most likely to hang on is the business headed by a high school dropout. Those with college degrees are disproportionately pulling out of the minority areas and into the nonminority parts of the metropolitan area into the mainstream.

So it is not as though we have a stagnant situation that's bad. We have a very definite shifting of the entrepreneurial talent out of the minority areas.

When we look at the financial capital, not surprisingly you see the same situation, although with regard to financial capital I can report that there is some quality that the banks discriminate against white- as well as black-owned firms if these firms are located in minority communities. It is not so much the race of owner—of course, I'm talking about controlling for things like educational background—that shows up in the data as leading to smaller bank loans or discriminatory treatment, but it's the geographic area.

I just jotted down a few numbers here. I had a table 5 in my paper where I listed the mean bank loan for black male firms as $29,000. If I look solely at the nonminority parts of these 28 big metropolitan areas, the mean bank loan there was $59,000 for the black-owned business, more than twice as high as the mean figure in the table. If I look solely within the minority community, the mean bank loan there is $18,000—$59,000 versus $18,000.

Now, if we control for things like age, education, equity capital that the owner is investing, of that differential, $37,000 is explained solely by geographic location. Almost all of that difference is a geographical location difference. And when you look at some of the patterns of different businesses that are getting loans that are large versus small—one kind of loan that banks often like is the ongoing business, the buyout. Something like 25 percent of all business start-outs are buyouts of existing businesses.

Well, banks love those in affluent suburbs and growing suburbs. They won't touch them with a 10-foot pole in the inner-city minority community. They will penalize a buyout of an ongoing business in the minority community. They will fund that with an even smaller loan, whereas out in suburbia that's precisely the kind of deal that is associated with an incremental loan, with a larger loan.

The collateral that you're putting into the business is rewarded heavily when the banks determine what they are willing to loan if you're out in suburbia. If you're in the inner-city minority community, the amount that you are willing to sink into your businesses is given much less weight. Obviously, the collateral of that business, the ongoing business—when that operation is in the minority community, that is just not going to be leveragable in terms of generating bank dollars.

CHAIRMAN ALLEN. Thank you.

Commissioner Chan.

COMMISSIONER CHAN. I have some comment on Dr. Bates' material, on the Asian male, why that 58.8 percent of businessmen have college degrees. I know that very well. The main reason is they couldn't find a job in the mainstream. They have a college education, but their English proficiency is so low they cannot get a job. That's one of the major reasons.

The second answer to your material is the Asian business has a capital on the average of $57,000 versus the other has $44,000. The reason is, since they have their own education, they know they have to try to stay in the United States, and so they have to sell everything to go into their own business because they cannot find a job.

Fortunately, some of the Asians have to ask their wives to sell their jewelry. Most Asian women use real gold jewelry, so they have a little bit of advantage to that. So they were able to scrounge $13,000 more than the average small businessman.

Another reason is if you want to be in business, the waiter is also part owner of that company, too, because of the $57,000—the owner probably owns 50 percent. Each waiter puts out $1,000. So that's how they are in business, and that's why they work harder.

Now, there's another thing I question. The Asian male works 45.1 hours per week. I think you may have a typo there. It may be 54 hours. Because I haven't seen an Asian work less than 45 most of my life.

So much for that. I have a question which you may be able to answer. Asian people are reluctant to apply for small business loans. Why? I didn't get the answer. That's why I ask the question. Or maybe Mr. Hoffman can shed some light on this.

DR. BATES. I'll take a crack at it. As I mentioned in my paper, the incidence of bank loans to Asian firms was below that of blacks. The Asian financing pattern was very, very distinct, and they disproportionately relied upon family and friends as a source of credit. That's very, very clearcut. And I would not deny that that suggests the sort of situation that you are portraying.

I'd also like to comment on the possibility of discrimination in, say, managerial and professional employment because I wanted to make the same point. Indeed, the reason I mentioned people with master's degrees running grocery stores was to emphasize that there is something wrong there. Someone with that sort of educational background should not be running a grocery store.

VICE CHAIRMAN FRIEDMAN. Why not? It's better than being a college professor.

[Laughter.]

CHAIRMAN ALLEN. Let's walk softly around these questions, my friends.

[Laughter.]

DR. BATES. The small-scale retailing is tough. I talk about Asians being above average in small-scale retailing, but from my experience being a college professor is more lucrative as well as having better hours. So I believe in my analysis, although I did not go into detail in my allotted 15 minutes which I stretched as much as I could, this is very sympathetic to a number of points that you raised.

COMMISSIONER CHAN. Thank you.

Mr. Hoffman, what is the reason that Asians applying for small business loans is so low?

MR. HOFFMAN. I really don't have an answer for you. I don't understand why. I can tell you that I know there is discrimination against all minorities walking in for loans. I have no idea why Asians would be lower in terms of percentage than other minorities. I have no reason for the answer, but I know it exists.

COMMISSIONER CHAN. Since you admit it exists, is there any way you can enlighten me on this visibility at a later day? I'd like to know a little bit more.

MR. HOFFMAN. I have access to some information from the SBA. I'd be very happy to supply you with it.

COMMISSIONER CHAN. Thank you.

I have a question directed to Mr. Hui. Mr. Hui, apparently you're pretty successful in the insurance business, I think. Does the insurance company make business loans?

MR. HUI. To a certain extent, yes, we do.

COMMISSIONER CHAN. Do you see that's an area that you can more or less get into the small business loan area?

MR. HUI. We would like to. However, every State has its own investment guidelines restricting the kind of investment that insurance companies can go into. For example, I would like to give out more mortgage loans, but the business environment pressure would not allow me to do so. If I could do it, I would even generate a higher profit margin, but I cannot do it.

COMMISSIONER CHAN. How is your loan policy versus the Small Business loan procedures?

MR. HUI. I have not made any study on that part so I would not be able to answer your question in this area.

COMMISSIONER CHAN. Again, I'd like to have some input. I'm not going to go into the business, but just for curiosity and so on. Thank you.

CHAIRMAN ALLEN. We'll ask him to send it to you.

Commissioner Buckley.

COMMISSIONER BUCKLEY. I'm going to use a few minutes of my time to kind of put these things into perspective. For the last couple of meetings that we have had briefings at the Commission, what we usually hear about is: As the minorities grow in numbers, will they be able to find a job in the future? And my concern at this point is: In 20, 30, 40, 50 years from now, when you have somebody coming in to apply for a job, will there be a job for him? Once he gets the job, will he stay there for life, or will he be disenchanted like that newspaper reporter told us about, and leave it and then be unemployed, and again be looking for a job?

Very often we hear that one of the best ways to have more minorities with a job is to have minority-owned businesses. But yet, we had a State Advisory Committee report just recently given to us that said there were a lot of minority businesses but most of these were single, one-person-employee-type businesses; the owner was the employee, and that was it.

And I don't see how that gave them any access. And then Mr. Hui sits here in front of us and tells us 50 percent of his employees are not Asian, they are not minorities.

CHAIRMAN ALLEN. Ninety percent.

COMMISSIONER BUCKLEY. Was it 90?

MR. HUI. Ninety percent.

COMMISSIONER BUCKLEY. I'm sorry; 90 percent of your employees are not Asian. In this case you are sitting here as proof that this is not happening.

My question to you, if we can come back to this, would be: How do we make sure that we have jobs for minorities in the future if it looks like minority businesses are not the answer? How do we provide jobs for them? I know we have to take care of the education angle, but removing education from the issue, if you have a qualified person, how do we get them employed? How do we prepare for these?

CHAIRMAN ALLEN. Who wants to go first?

Yes, Linda Chavez.

MS. CHAVEZ. We have created in the last 8 years more jobs than all of the combined jobs created by our Western allies in Europe and Canada combined here in the United States. And in terms of the one group that I chose to speak about today, the Hispanics, the labor force participation rates for most Hispanic subgroups are extremely encouraging. Of all the groups, Mexican immigrants have the highest labor force participation rates of any of the Hispanic subgroups. And only again among Puerto Ricans is there some cause for alarm. The labor force participation rates for Hispanics overall is equivalent to that of non-Hispanic white males. Again, there is a variation with Mexicans having the highest labor force participation and Puerto Ricans the lowest.

I think that is very encouraging news for Hispanics. Obviously, they are not starting at the top in terms of their earnings or in terms of their occupations because they are entering with deficiencies in English and marketable skills in the United States. They tend to start at the bottom. But there is very rapid progression, and that kind of progression, so long as it continues and so long as our economy is able to generate the kinds of jobs that have been generated over the last 8 years, I think things look very good.

Of those 700,000 new jobs—I'm sorry, that's not the right figure; I think it's 7 million new jobs that were created over the last eight years—some two-thirds of those jobs were of annual earnings of over $20,000. So we're not talking simply about minimum wage jobs.

CHAIRMAN ALLEN. Mr. Bates.

DR. BATES. I'd be happy to provide you with very comprehensive Census Bureau evidence on this very issue. There are, of course, individual minority-owned firms with paid employees that employ zero minorities. In the case of black businesses, I believe it's something like 3 percent of all black businesses with paid employees employed no minorities. But they are the exception. The data are available in nice compiled form, and I will be sure that they are in your hands shortly.

CHAIRMAN ALLEN. Thank you very much.

Mr. Hui.

MR. HUI. To answer Commissioner Buckley's question, I'd like to give two other points. Other than education, what we can do to assist the employment of minorities, I think we could utilize their skills like the language skills. We have certain kinds of skills of one sort or another. Identify what that particular skill is and use it in your company. That would create employment opportunity.

The second thing is if there is no opportunity existing right now, plan for it in the future, create opportunity for them.

COMMISSIONER BUCKLEY. What I'm asking is how.

MR. HUI. This is the whole thing of corporate maneuvers there. As a businessman, I think you can make money in a lot of different ways and not really restrict yourself to a certain specific mode. Whenever you make a decision or certain strategic planning, just bear that in mind: How could I increase the employment of minorities in my action? I would not be able right now to give you a specific example, but I'm quite sure in the future I could give you some demonstrations.

COMMISSIONER BUCKLEY. Could I ask one more—real quick?

CHAIRMAN ALLEN. All right, Commissioner. You have been restrained, even if I don't get any time after an hour, that's fine.

COMMISSIONER BUCKLEY. All I wanted to ask is: In Linda's comment she talks about the dropout rate—when you modify your statistics to native born versus foreign born, you say our dropout rate for native born—

MS. CHAVEZ. This was not from anything in my paper. I was ad libbing at that point. It is from the Rand Corporation study of the effects of Mexican immigration in the State of California. What they determined was that the dropout rate for native-born Mexican Americans was equivalent to the dropout rate for the State total, so that there were not the big discrepancies with many more dropouts. And the completion rate for Mexican American native-born persons in California was approximately 80 percent, the same as overall State average.

COMMISSIONER BUCKLEY. How come we don't hear that more often?

MS. CHAVEZ. I think it's quite interesting that we don't hear most of these differentials. I think there are political reasons for that. If your organization's purpose is to promote more government programs in special help, then I think it behooves you to paint the gloomiest picture. If you want to rely on marketplace factors and you assume that progress is in fact being made, then you have a more diverse picture, which is what I tried to present today.

COMMISSIONER BUCKLEY. Thank you.

CHAIRMAN ALLEN. I might add that the Rand study of a couple of years ago opened the very doors that Linda is talking about, showing the different patterns of assimilation and their relative impacts.

Do you have a question, sir?

MR. JENKINS. I will yield to the Chairman, since you have not asked a question.

CHAIRMAN ALLEN. I did have a few questions, actually. I will try to keep it, however, within the restraints of the few minutes remaining.

Mr. Hui, could you tell us whether, in your insurance company, the *kye*—"kee" or "ki"; I don't know the pronunciation—played any role in the founding of your company.

MR. HUI. Yes. In our business strategy and maneuvers, yes.

CHAIRMAN ALLEN. I don't know quite how to explain this to the people listening. Ivan Light, whom we had at our Los Angeles forum, did explain that among many Asian communities there is something called the *kye* which takes the place of Section 8(a) and seems to be even more effective than Section 8(a), if I understand it, in making loans available on a rotating basis to those who participate.

So that that helped get your company started; is that what you are saying?

MR. HUI. I really do not understand your question. Would you be a little bit more specific?

CHAIRMAN ALLEN. Okay. There's something called—it's spelled k-y-e, at least in one version—the "kee" or the "ki," which is a form of pooling money among Asians. Differing families or individuals come together. Someone is master of the *kye*. The master of the *kye* makes the money in the pool available to individuals on a revolving basis, which plays a part in establishing their businesses.

MR. HUI. Well, we are a little bit more formal than that, I would say.

CHAIRMAN ALLEN. Okay.

MR. HUI. But similar activities still go on, but not in my insurance company.

CHAIRMAN ALLEN. Your insurance company was not founded that way?

MR. HUI. A little bit different.

CHAIRMAN ALLEN. A little bit different.

MR. HUI. Right.

CHAIRMAN ALLEN. In any case, it might get somewhere near to the answer to Mr. Chan's question about the 8(a) and the participation in that of Asians.

One other question for you, sir. I am not quite sure how to phrase this because it's more a general question than a question to you, but I want to know whether you have experienced this in your own experience. In some communities, there is a sense of a growing impatience on the part of Asians for what I would call, I suppose, U.S. minorities, of which the outstanding example, of course, is the blacks. That impatience has been expressed, for example, among certain Japanese-black relationships and in other communities as well. In your own experience in business, are you aware of any growing sense of impatience with U.S. minorities on the part of Asians?

MR. HUI. In my experience, I have not encountered that, but I know such instances do exist. This is why business is business. We are kind of blind in business.

CHAIRMAN ALLEN. Thank you.

Then let me ask one other question, which I suppose is rather composite and I can refer it to all of you. In a way it goes to the heart of the Bates versus Hoffman-Hui debate, in which, if I understand you all correctly, there seems to be some question of whether comparative results are dispositive with regard to the question of assessing discrimination, or if I may state it differently: Is it possible to say that a particular group of people do quite well without therefore having to conclude that they do not experience discrimination?

It wasn't clear to me that you were actually separated in this debate, although I think that's what the debate was about. So I want to give you one more chance to state clearly where you stand on this. I'll start at this end with Mr. Hui. Is it the case that the comparative results are not dispositive when it comes to assessing discrimination?

MR. HUI. I would say comparative results—just because one group is successful doesn't mean that there is no discrimination there.

CHAIRMAN ALLEN. Mr. Hoffman.

MR. HOFFMAN. I think you might find people in any group surpassing people in that same group. I think as an historical background, when we look at the eligibility of firms coming in to perform on government contracts who are Asian or black or Hispanic, the economic disadvantage, which we look at very closely—the personal financial statement, the business financial statement—are very, very close in numbers because that's what the law demands us to do. So we don't look at color, either, and yet Hispanics fit into that, Asians fit into that, American Indians certainly fit into that, and blacks fit into that.

CHAIRMAN ALLEN. Mr. Bates.

DR. BATES. My remarks were not intended to say there was no discrimination in the case of Asians. Indeed, I have poked into this question a little bit because it is really stark how much stronger on paper the Asian business looks. And the question is, if we were to, say, use the statistical tools to control for education level, control for capital input, per dollar invested, are Asians earning more or less or whatever—that was a very interesting result. It turned out that of the various minority groups, there would seem to be least discrimination in the case of Hispanics. Particularly for Mexicans there is a low level of educational attainment, but when that educational attainment is there, there is something that is very close to parity. It probably is parity. Hispanics, controlling for level of input, are doing better than Asians, with blacks falling below Asians and actually American Indians coming in last.

CHAIRMAN ALLEN. Now, I notice you all took the model in answering my question of success when you said that comparative results are not dispositive; you said success does not mean the absence of discrimination. I know you are all aware, of course, that the inverse must be true if that statement is true, namely, disadvantaged is not evidence of the presence of discrimination. You can't have it both ways; you have to have one or the other.

Therefore, I would ask, finally, Linda Chavez to comment, since her questions seem to go to the heart of this matter. When do you suppose we are going to get beyond group comparisons when we raise the question of civil rights? What is there inherent in the discussion of civil rights that makes us talk about how groups relate to one another?

MS. CHAVEZ. I think we have had a history of discrimination against persons based on their membership within groups in the United States. Certainly, blacks have been discriminated against, not as individuals but because they are a member of a racial minority, and Hispanics and Asians and Jews and other groups have faced similar kinds of discrimination. But I think what we learned today is that discrimination in and of itself does not guarantee disadvantage. And as you would suggest, the corollary is also that disadvantage does not in and of itself indicate the discrimination accounts for that disadvantage.

I think having these kinds of discussions and looking at these issues and beginning to try to disaggregate the data gives us a much better understanding of what is happening to groups within the United States. Some of the most troubling things about Hispanics for example, relate to the Puerto Rican community in the United States. That community has a larger proportion of persons of a racial minority, a larger proportion of blacks, than other Hispanic groups do, but it has the advantage of being native born in the sense that all Puerto Ricans, whether born on the island or on the mainland, are United States citizens at birth.

So when we begin to look at some of these factors and to try and understand what is taking place, perhaps it will give us an insight into looking beyond the issues we have looked at in the past and begin to look at other issues. For example, with Puerto Ricans, I would like to see some studies done about the impact of the availability of welfare on the island of Puerto Rico and what impact that availability and the learning and socialization process that goes along has to do with the progress of Hispanics in the mainland of the United States. They are different, obviously, than immigrants who come here without the expectation of social services being available.

That is why it is important for these discussions to take place because we want to help those who are disadvantaged in this society, in addition to those who are discriminated against. But if we can have a better understanding of what accounts for the disadvantage, we might have a better chance of solving that disadvantage.

Chairman Allen. Thank you. There are 10 seconds left. Does any Commissioner wish to make a comment or Mr. Jenkins? Very well. Let me say before we recess for half an hour for a break, we have an open session scheduled starting in half an hour. I don't know if anyone has yet inscribed his name at the desk over here for speaking, but the procedure is that you sign up with some of our staff, and we will then call upon you in the order in which you sign up for the public session. We will hold that from 4 to 5:30, the open session.

With that, we will recess for 30 minutes.

[Recess.]

Open Session

CHAIRMAN ALLEN. This forum meeting will reconvene.

This is our open or public session. I have the names of four people that have already been submitted who wish to address us. I will read those names and ask the four to come forward and take the seats here at the panel table. They are Dr. Owen Smaw, Charles Scott, Joel Binkley, Leo Gray, Jr. If those four individuals would come forward and take these seats, I would appreciate it.

As we are preparing to begin, I want to make clear to the rest of you this is an open session, and even if you haven't previously submitted your name, I hope you will feel free to raise your hand when the time comes and let me know if you wish to speak. We afford a maximum of 5 minutes to members of the public who wish to address the Commission. There will not be occasion for interchange, but you can enter your sentiments in our record.

Before we begin, also I want to take the occasion to recognize those members of our Tennessee State Advisory Committee who are in attendance and I would ask you to stand if there are any State Advisory Committee members from Tennessee in the audience. This is Mr. Clarence Clark. We are delighted to have you with us, sir.

MR. CLARK. Thank you.

CHAIRMAN ALLEN. Very well. I will ask you to state your names for the recorder, because I called four and I only see three, so I would never get it straight myself. We will start here with my left.

Statement of Owen Smaw, Member, North Carolina Bar

MR. SMAW. Owen Smaw, member of the North Carolina State Bar.

CHAIRMAN ALLEN. Thank you, sir.

MR. SMAW. I share the grief and the mourning of this Commission in the loss of its member and my friend, Clarence Pendleton. We met briefly; we met cordially.

Samuel James Ervin, Jr., late of Morganton, used to refer to his being a country lawyer, and so am I, from his State.

It was my privilege to have presented the background of today's presentation, which has been prefiled for the record in five pages, to Dr. Pendleton on the occasion of his spring visit, April if memory serves, at Vanderbilt. The internationalization of civil rights yields human rights. The abolition of the death penalty on principles of international law has drawn the attention of the International Law and Practice Section through whose International Courts Committee I serve. And Steve Klitzman and Louis Sone have been kind to remark that the matter filed with Commissioner Pendleton is or will become a stepping stone as abolition of capital punishment is accomplished.

The *Congressional Record*, March 31 this year, pages EE9–60 and EE9–61, inserted for study ahead of the ABA convention in Toronto in August, is part of that package that was delivered to your member this spring. I refer to it only to say that the prefiled American Bar Association resolution for August of 1989 in Honolulu already is a working paper, and that the day after Mr. Justice Powell spoke to the convention in the opening assembly in August to say that the death penalty should be restudied, and the American Bar Association through its assembly, the assembly of the ABA, adopted the recommendation that said the American Bar Association, through its appropriate sections, should study further the issue of capital punishment.

This is a new dimension of it. It will be before the American Bar Association in August. It is filed here for the information of this Commission, not necessarily for any action, but for any reaction that it might draw forth, if any.

That is my message.

Welcome to Nashville, and I invite your careful attention to what was filed with Commission Member Pendleton and what is updated with these five pages today.

Thank you, sir. Thank you, members.

CHAIRMAN ALLEN. Thank you. You may be certain that what you have filed with us a resolution submitted to the American Bar Association on the subject of capital punishment.

MR. SMAW. For consideration in August of 1989, and a resolution that follows by 2 years one filed in 1987 in San Francisco.

CHAIRMAN ALLEN. Very well. I appreciate that. There will be a clerk of the meeting sworn in, and that will be entered into the records.

MR. SMAW. Thank you, sir.

CHAIRMAN ALLEN. Yes, sir.

Statement of Joel Binkley, League for Hearing Impaired, Nashville Tennessee

MR. BINKLEY. Mr. Chairman and committee members, my name is Joel Binkley. I work for the League for Hearing Impaired here in Nashville, and I heard a lot of talk about different minorities but not about handicapped.

One of the things I'd like to speak to is the fact that being hearing impaired myself, and also being a member of the Mayor's Advisory Committee on Handicapped here in Nashville, we have a major problem in that a lot of handicapped individuals become handicapped unexpectedly. They do not have the capital to be able to enter into business even if they have the skills and the abilities to do so. And whenever they try to apply for an SBA loan, they don't have the capital backing to be able to get that loan.

I would suggest that a study be done for a pilot program of some type and targeting a group of handicapped individuals whereby the capital can be set aside or established that they might be able to enter into businesses for themselves and to be able to employ other handicapped people. Because it is virtually impossible—I've got handicapped individuals that have come to me time and again and talked to me about different businesses that they wished to open. They had studied the market, they had found a need, they had the skills, they had the ability, they knew how to do the business, and they couldn't do it; they didn't have the capital.

Unless something is done about that, there is going to be no way. These individuals, a lot of them, are on social security benefits, and if they enter into a business and they don't make it succeed, they're going to be giving up those benefits for a period of time. They have a trial work period for 1 year, but if after that period of time they've shown they can do substantial gainful employment, they are no longer eligible for those benefits.

This is another problem that compounds that. But that's the reason I wanted to address you, and I hope you will take that consideration in mind, and I thank you all for your time.

CHAIRMAN ALLEN. Thank you very much, Mr. Binkley.

VICE CHAIRMAN FRIEDMAN. Mr. Chairman, I just wanted to ask a question. It seems to me this morning we heard reference to something that was entirely new to me, and was rather compelling, to the effect—and I forget who mentioned it—

COMMISSIONER BUCKLEY. The Department of Education.

VICE CHAIRMAN FRIEDMAN. —that the largest number of complaints they are receiving, far greater than any of the traditional complaints we are familiar with, are with regard to the issue of the handicapped.

CHAIRMAN ALLEN. That's absolutely correct.

VICE CHAIRMAN FRIEDMAN. And I was taken aback by that. I didn't know that. And as I reflect on our programming and our thrusts of various kinds, I do not think we have much going with regard to the handicapped. I know we are dealing with the Baby Doe issue, but that is a kind of specialized area of the handicapped, isn't it?

COMMISSIONER DESTRO. Not really. Essentially, it's the tip of the iceberg. The reason most people are not aware of the degree of discrimination against people with disabilities is because they don't look, not because they're not there.

VICE CHAIRMAN FRIEDMAN. What I meant simply was that our own programming perhaps has not taken into consideration sufficiently what apparently is a very serious problem. It's something I'm listening to as I hear the testimony today.

CHAIRMAN ALLEN. I do recall we had an exchange at our last meeting in discussing the Baby Doe report, to the effect there were people who are disabled, not merely as infants, and who became disabled, not necessarily from birth. In that context, we talked about perhaps the implications of that study bearing on far more than the rights of handicapped newborns.

COMMISSIONER DESTRO. If I can add one last comment to that, perhaps the issue of disability is most related to what we have been discussing today, in the sense that mere equality of opportunity for a person who has special needs is not enough, that the special needs have to be addressed in order to make that equality meaningful. When you say everybody has equal opportunity to climb the steps, that's all well and good, assuming that you have the capability of doing that. I think the Commission has been struggling for many years with how to cross over from mere process equality, as was pointed out earlier, to more substantive notions of how do you bring people who have been left out into the mainstream.

CHAIRMAN ALLEN. It certainly is fair to say that that is a great question, but we have another witness waiting to testify to us, and I think we should go on. Would you please introduce yourself to us, sir.

Statement of Leo Gray, Chairman, Tennessee Human Rights Commission

MR. GRAY. Mr. Chairman, I am Leo Gray, the Chairman of the Tennessee Human Rights Commission.

CHAIRMAN ALLEN. Welcome.

MR. GRAY. On behalf of the Tennessee Human Rights Commission, I want to come and say welcome and trust that you have experienced our southern hospitality, and that you will enjoy some of our southern cooking, and also to say to you that you and I share a colleague in Commissioner Guess, and also I had the great pleasure of chairing a forum with your past Chairman, the late Clarence Pendleton.

But as I listened to this afternoon's session, I constantly heard terms like "Asian Americans," the "majority community," "Jewish Americans," "Italian Americans." And then I heard the term "black." I never did hear the term "yellow Americans" or "brown Americans." Once or twice the term "white Americans."

And I appeal to this Commission and challenge this Commission to consider ethnicity, ethnic designations for identification of American citizens as we deliberate. If we are to meet the challenges of the changing perspectives of civil rights, in my opinion we are going to have to change our perception of people. And when you deny people their ethnicity, you really deny them in terms of their existence. And I share with you that the microcosm of ethnic contributions plays a major role in the macrocosm of America's greatness.

So, Mr. Chairman, welcome to Tennessee.

CHAIRMAN ALLEN. Thank you very much, but don't go away. Visit with us for a moment, Mr. Gray, because you are more than just an individual, as head of the Tennessee Human Rights Commission, a post I believe our distinguished colleague once occupied, unless I'm mistaken, or served on the Commission, at least.

COMMISSIONER GUESS. I do serve still.

MR. GRAY. He is a very vital member of our Commission.

CHAIRMAN ALLEN. Very good; that's what I wanted to make certain. I hope you will also take a moment or two—

COMMISSIONER CHAN. I have a question.

CHAIRMAN ALLEN. Let me ask him to do this, and then we will come to the question. I hope you will also take a moment or two to share with us where matters stand with your Commission today.

MR. GRAY. Where matters stand?

CHAIRMAN ALLEN. Yes. What is the agenda that you are working on at the moment?

MR. GRAY. Well, the handicapped issue that was just cited is a very challenging issue for our State. The matter of women and housing, single heads of families and housing in our State. Barriers we thought we had overcome, we are finding those barriers confronting us again.

And it seems as if the cycle is ongoing in terms of improving race relations and those relationships deteriorating, so the commission is constantly challenged to make sure those barriers are removed.

Interestingly enough, tomorrow morning our commission is anticipating a women's hunt group coming, and they are upset in that they cannot have the women hunt anymore in the State of Tennessee. Women want to go into the woods by themselves and hunt.

CHAIRMAN ALLEN. Is this a long tradition?

[Laughter.]

MR. GRAY. It's a long tradition in Tennessee.

VICE CHAIRMAN FRIEDMAN. Is this anything like Sadie Hawkins' Day?

[Laughter.]

MR. GRAY. So those are some of the kinds of issues we have to deal with. But we are constantly challenged to make sure that life for all Tennesseans, as you are for all Americans, is meaningful and open to all opportunities.

CHAIRMAN ALLEN. Thank you very much. I'm very happy that you're here this afternoon.

MR. GRAY. Thank you very much.

CHAIRMAN ALLEN. Mr. Chan did wish to ask a question, and I'll go ahead and entertain that.

COMMISSIONER CHAN. Mr. Gray, since I'm new on this Commission, and also you had mentioned you heard many people being called "Asian American" and "Hispanic" and so on, I just wanted to know what is the respectful way to call people black? Can you suggest anything?

MR. GRAY. The ethnic designation that I would prefer would be African American. And I don't deal with the various countries of the continent because our people were brought from all parts of Africa, and the history records bear out the fact that even what is now known as Egypt with the Arab people was the northern empire of Ethiopia, and the migratory patterns and the slave trade patterns of that country—we claim Africa, and I would prefer that designation: African American.

COMMISSIONER CHAN. Thank you.

CHAIRMAN ALLEN. Thank you very much, Mr. Gray.

There was also a Mr. Charles Scott. Is he present as yet?

Very well, then. I have no other names submitted, but I would like to encourage anyone present who wishes to speak to the Commission to step forward at this time and to share your views with us. Yes, sir. Do give your name and address to the recorder, please.

Statement of Tom Green, Cochair, Nashville Chapter, National Conference of Christians and Jews, Nashville, Tennessee

MR. GREEN. My name is Tom Green and I'm from Nashville, and I'm here to welcome you on behalf of the Nashville chapter of Christians and Jews. I believe our goals are probably very much alike. And I might say that our Nashville chapter is one of 60-odd chapters throughout the United States. This was founded in 1928 to promote all of the groups in this country working and living together. Our theme this year, our national theme, is the unfinished task of learning to live together, which I believe is very foremost in your mission.

I might also say that the national chairman this year is from Memphis, Tennessee, Ira Lippman, so we are proud of that. Our national president is Jacqueline Wexler in New York, and we were pleased that a couple of years ago she and Justice

Burger rang the Liberty Bell and had several hundred youth from all over the country, which represented all groups, at the 200th year of the signing of the Constitution. Of course, that was a project we had throughout the United States of youth signing those proclamations, and so many, many names were unveiled at that area.

I am the senior cochairman this year of the Nashville group, and so we wanted to come down and say hello to you. Of course, I want to say we are certainly proud of the Honorable Francis Guess who serves on your Commission, and I think he represents this Commission well, and he certainly is an outstanding citizen of this community. We are proud that he's on the Commission. We wish you well in all your future works.

Thank you.

CHAIRMAN ALLEN. Thank you very much, Mr. Green.

COMMISSIONER GUESS. Mr. Chairman, I had already positioned the mike to get equal time.

[Laughter.]

CHAIRMAN ALLEN. Yes, sir, indeed.

COMMISSIONER GUESS. I am somewhat intimidated here this afternoon because I recognized as Tom was speaking that as chair of the Nashville chapter of the National Conference of Christians and Jews, of which I'm also a member of that board, and with Chairman Gray and with you, Mr. Chairman, I have all my bosses here today.

But I cannot overemphasize the extent to which Tom has been very active, particularly as it represents Catholicism, of which I am also a practicing member in this community, that he has been active in the Nashville chapter of the National Conference of Christians and Jews.

CHAIRMAN ALLEN. That's wonderful.

MR. GREEN. Thank you.

CHAIRMAN ALLEN. Thank you very much, and we're glad you're with us. We, too, are delighted to be here in Nashville. I'm sure I speak for the whole Commission.

COMMISSIONER GUESS. On that point, Mr. Chairman, if it's not—

CHAIRMAN ALLEN. It's in order.

COMMISSIONER GUESS. —terribly inappropriate, there are a couple of other Nashvillians who are here that I would like to introduce to the members of the Commission that I happened to notice.

I would like to start with a very distinguished member of our State legislature, Senator Douglas Henry, who represents the Nashville area. Senator Henry has always been at the forefront, particularly on budgetary matters, of responding to

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the people of Tennessee. And I wanted the Commission to make sure they had an opportunity to meet Senator Henry.

Chairman Allen. Indeed, and we'd be delighted to hear from the Senator.

Mr. Henry. Mr. Chairman and ladies and gentlemen of the Commission, I have no remarks other than to say that, of course, you are welcome in Tennessee. Your work is wholesome, and we appreciate what you do.

I would also have to go further and say that my area of activity in this field has not been as brisk as I'm sure Commissioner Guess would recommend, but I have such a high regard for Commissioner Guess that he asked me to attend, and I'm delighted to do so to welcome you.

Chairman Allen. Thank you very much, Senator.

Commissioner Guess. Thank you, Senator.

Mr. Chairman, I'd also like to have rise and be introduced to the Commission a few other people from Nashville who are here.

First and foremost is a very distinguished banker and head of the National Baptist Publishing Board here in Nashville, who has also served for several years as a member of our State human rights commission until recently, Dr. T. B. Boyd III, who is also chairman of our black bank here in Nashville, the Citizens Bank. Would you like to say a word, Dr. Boyd?

Dr. Boyd. Nothing other than welcome to the great State of Tennessee. When you come, we are more than welcome to have you, and when you leave, you will be sorry you are leaving because you will find that we have the greatest hospitality that you're going to find anywhere.

You are very fortunate to have such a man as Francis Guess, often referred to as Sir Francis in local quarters.

[Laughter.]

I just thought I'd give you that bit of information. We are just happy to have you in the State of Tennessee, and on behalf of both the National Baptist Publishing Board and also the Citizens Bank, which is the oldest continuing operating minority bank in the country here, only two blocks away, welcome.

Chairman Allen. Thank you very much, sir.

I must interrupt Sir Francis to let you know that I was relieved when you told us you wanted us to remember your hospitality after we go because Sir Francis usually tells when we leave, we should leave our money behind.

[Laughter.]

Commissioner Guess. And I usually tell them not to come back. I might also add that I was trying, Mr. Chairman, to talk very nice about Dr. Boyd in hopes that he would roll my note over again.

[Laughter.]

Also, with Dr. Boyd, I might add, is the president of the bank, Mr. Rick Davidson.

In addition to Tom Green, two of the most distinguished educators in Nashville, Dr. McDonald and Jamie Williams, have joined us this evening. I would at least like for the Commission to see them. They have served on the faculty for many years at Tennessee State University, which is my alma mater of which I am very proud.

And while they were out of the room, Mr. Chairman, you had asked for members of our State Advisory Committee, which met yesterday for the first time, to be recognized. I notice since then we identified Mr. Clarence Clark of Henry County, Paris, Tennessee, who has just joined our State Advisory Committee. We also have Mr. Lee Beeman, who is a member of the State Advisory Committee.

Chairman Allen. Welcome, sir.

Commissioner Guess. We have Ms. Jocelyn Wursberg from Memphis, Tennessee, who has served on the Committee for several years, and who is also a past member of our State human rights commission. And we have Mr. Tommy Taber from Memphis, Tennessee, who is a Memphis City policeman, who is also a member of the United States Commission on Civil Rights State Advisory Committee.

I just wanted to make sure that we did know that they were here. They are serving at the action of our Commission meeting, and Tennessee was the last State Advisory Committee to be reconstituted in the country, and I just thought we'd let you know you done good at the last meeting even though I wasn't there.

[Laughter.]

Chairman Allen. Well, you guided us through that, Commissioner Guess. And we are delighted to have not only the SAC members but the other citizens of Nashville and Tennessee to greet us. It has been a very pleasant visit so far. We look forward to continuing our visit tomorrow morning.

Are there any other questions, considerations, or remarks from my colleagues?

[No response.]

Then I shall recess this meeting until 9 a.m. tomorrow.

[Recess.]

Proceedings

CHAIRMAN ALLEN. This forum of the United States Commission on Civil Rights will now reconvene. Welcome back this morning. After a day of very useful conversations yesterday, and not less useful entertainment last evening, we are ready to go again. Thank you, Commissioner Guess.

Before we begin this morning's session, I did want to take advantage of the opportunity formally to welcome those Chairpersons from our State Advisory Committees who are present. I believe I have the names of most if not all of you. I'm going to call them off and ask you to stand as I do so. If I omit anyone, then I'll ask you to let me know afterwards.

From Arkansas, do we have Alan Patteson, Jr., present? Good morning, sir, and welcome.

And from Illinois, Hugh Swartzberg. Good morning.

We have from Iowa, Lenola Sommerville.

From Indiana, Hollis Hughes, who just entered. Welcome.

From Kansas, we have Connie McGinniss.

From Kentucky, Thelma Clemons.

From Louisiana, Roberta Madden.

Minnesota, Talmadge Bartelle.

We have from Ohio, Donald Prock.

Finally, from Wisconsin, James Baughman.

I am very glad you are all here, and I'm sure all are looking forward to your conversations tomorrow as we continue.

Corporate Initiatives

CHAIRMAN ALLEN. This morning we are going to talk about corporate initiatives, and we have with us two people eminently qualified to talk about corporate initiatives.

We have Dr. Roosevelt Thomas, who is executive director for the American Institute for Managing Diversity, and Mr. Ben Rechter, who is president of the Rogers Group Investments.

We will start with Dr. Thomas.

Statement of R. Roosevelt Thomas, Jr., Executive Director, American Institute for Managing Diversity, Morehouse College, Atlanta, Georgia

DR. THOMAS. Thank you, Commissioner Allen. Good morning, fellow Commissioners. I am delighted to be here to have an opportunity to share with you some of our thoughts about a corporate initiative that we have seen evolving.

I'd like to speak from the perspective of the American Institute for Managing Diversity. Before proceeding, I would like to extend apologies and regrets for the chairman of our board, Jim Preston, who is also CEO of Avon Products, Inc. Jim was unavoidably detained and wanted me to express his sincere regrets.

The institute is approximately 5 years old, and we are an independent not-for-profit affiliate of Morehouse College. We were founded with the intent of facilitating the upward mobility of minorities and women. This was approximately 5 years ago, as I indicated. Since that time we have been involved in conducting indepth research in a number of corporations. We have discussed the concept of managing diversity with hundreds of executives. We have presented workshops, and we have made informal presentations in a number of settings. It is from these activities that I share our conclusions and our findings.

We believe fundamentally that managing diversity as a concept would be critical to upward mobility for minorities and women in the future. We define "managing diversity" as the process of creating an environment where no individual is advantaged or disadvantaged because of irrelevant classifications, and every individual has the opportunity to contribute to his or her full potential.

Let me say a few words about the traditional approach to work force diversity. Traditionally, corporations have tended to think of diversity or approach diversity from a melting pot perspective. That is, they have focused on including a diverse work force, reaching out, facilitating the participation of all individuals. Once these individuals have entered the work force, they have been asked to go through a melting pot procedure; that is, they have been asked to become an acceptable puree for the individual organization.

This has worked in the past because individuals have come with a willingness to experience the melting pot process. Increasingly, individuals are saying, "We want to be part of your organization. We think we can contribute, but we also want to maintain what we believe is unique about ourselves."

A second aspect of the traditional approach has been that we have treated diversity as an individual issue. We have felt that if we could improve relationships among individuals, progress would follow. As a consequence, we have focused on sensitizing minorities and women to what we have perceived to be the requirements for success in a predominantly white male corporation. We also have spent considerable energy in sensitizing white male managers to how they might best relate to individuals who are different from themselves.

The result of this traditional approach has been limited. Two pieces of evidence regarding the limited results are the following: One, a disproportionate clustering of minorities and women at the bottom of the corporate pyramid tends to be common for all corporations. We have been in and out of a number of organizations and have yet to find one that is not concerned about upward mobility for minorities and women.

With respect to women, it is referred to as the glass ceiling. With respect to minorities, it is referred to as premature plateauing.

In the context of an increasingly competitive environment, this premature plateauing, this glass ceiling, represents underutilization—underutilization that has tremendous negative competitive implications. Corporations are seeking to determine how can they assure the full utilization of all resources as opposed to having some not being fully utilized or developed to their potential.

A second piece of evidence regarding the limited results is what we refer to as the frustrating cycle of affirmative action. This cycle begins with the recognition that we have a problem. That problem might be underrepresentation; it might be excessive turnover; it might be inadequate representation. In any event, once that problem is identified, often the subsequent action is an affirmative action intervention around recruiting. Attempts are made to recruit the right kind of individual who can fit into the organization, the right kind of woman, the right kind of black, the right kind of Hispanic, the right kind of Asian American.

The thinking is that if we can fill the pipeline with the right kind of person, we can expect that this individual will move up the hierarchy as others have. Unfortunately, more often than not, these expectations are not fulfilled. The result is frustration—frustration on the part of minorities and women that have come in under the recruiting initiative, and frustration on the part of managers who brought them in.

This frustration leads to a period of silence. Managers are frustrated that they have not seen the progress with minorities and women that they had hoped for. They are frustrated that they are not being given credit for a good-faith effort. Minorities and women, on the other hand, are frustrated that they are not experiencing the upward mobility that they were led to believe they would experience when they entered the organization.

Following this frustration is a period of silence, almost a conspiracy of silence, a dormant period, where affirmative action issues are put on the back burner. No one says much. Minorities and women don't say much because they do not want to remind people that they came in under the last affirmative action push. Managers don't say anything because they are not quite certain what to say.

This dormancy continues until there is a crisis. The crisis may come from external stimuli, a civil rights organization, a women's rights organization, pointing out to a corporation that there is a difference between reality and the rhetoric they are hearing about equal opportunity and upward mobility. Or it may come from internal stimuli, perhaps an attitude survey that says there is disproportionate dissatisfaction on the part of a given group, or some type of personnel analysis that suggests that there is excessive turnover, and that this cost has competitive implications. Whatever the stimuli, the crisis comes about and triggers a return to, "We have a problem." That starts the cycle over again.

A Fortune 500 CEO said to us, I guess about a year ago, that over the past 15 years his corporation had been through this cycle at least three times, where they had experienced a problem, recruited the right kind of individuals, filled the pipeline, only to see these individuals hit the ceiling, stagnate, and leave. He said, "What I don't understand, and what causes me to lose sleep, is that these are the right kinds of people. I like them personally, I like them professionally, but they don't stick in our corporation, and I don't understand that."

What was most troubling to him was that at the time he was making these comments, on his desk was a major report saying, "We need to do a better job of recruiting; we need to bring in the right kind of people." So what was being proposed was a fourth go-around of this cycle.

This frustration, the disproportionate clustering—and I should pause here and say that when I talk about the frustrating cycle of affirmative action, it should not be interpreted as our being anti-affirmative action. To the contrary, we are pro-affirmative action, but we do recognize that there are limitations.

At this point in our thinking, we believe that the typical corporation has to have an affirmative action track and also a managing diversity track. The disproportionate clustering, the frustrating cycle, have led or are leading a number of executives to explore the concept of managing diversity. As an institute, we have been trying to tease out, trying to give meaning, to what this concept of managing diversity is, how it differs from affirmative action, how it differs from valuing diversity, and what is required to implement a managing diversity approach. I would like to spend the final few minutes of my presentation saying a few words about what we see as the characteristics of a managing diversity approach, and also a few words about implementation.

One characteristic of a managing diversity approach is that we define "diversity" broadly. As we have talked to corporations about race and gender diversity, and have talked about how they might make progress there, we are finding that other kinds of diversity also exist and must be taken into account.

What we are finding is that it is difficult to address one or two kinds of diversity and ignore other kinds. It is difficult for me to say to an individual, "I will not discount you because of your race or sex, but I will discount you because you are not from the right part of the country, you are not a part of the right function, you don't have the right kind of professional background, you are not the right age, you don't have the right lifestyle." All of these are diversity dimensions that the corporate manager is dealing with. This is leading us to define managing diversity not as a program, not as an approach, but as a way of doing business.

Managing diversity, secondly, differs from affirmative action. Affirmative action from our perspective is a short-term intervention that is artificial in nature, that has the potential to mitigate negative consequences of advantaging or disadvantaging a group because of irrelevant classifications. A great deal of progress can be achieved through affirmative action. However, because it is artificial, once you relax your efforts, the progress tends to unravel, and that leads to the frustrating cycle. Managing diversity has the same objectives as affirmative action, but we'd like to make progress part of a natural process whereby people naturally rise to their full potential.

Thirdly, managing diversity differs from valuing diversity. There is a lot of emphasis being placed today on the importance of valuing diversity, the importance of respecting, understanding, appreciating, and valuing the differences that people bring to the table. We have no problem with that emphasis. The thinking is that if we can value diversity, we are in a better position to capture the richness of that diversity. We think there is some truth to that proposition.

However, we think it is important to note that if you value diversity, it does not mean necessarily that you know how to manage diversity. In other words, if you value diversity, it does not necessarily mean that you know how to create an environment where a diverse work force can prosper. And keep in mind our experience in the American corporation has not been on creating an environment to accommodate diversity. We have used the melting pot approach, so by the time a person gets to the manager, that individual's diversity has been homogenized.

A fourth aspect of managing diversity—it goes beyond racism and sexism. A manager can be free of racism and sexism and not be skilled or not be knowledgeable in terms of managing diversity. So freedom from racism and sexism does not mean that I, as a manager, know how to manage diversity.

A critical aspect of managing diversity is that as a concept it stresses cultural and systemic interventions. We have a specific definition of culture. We define culture as the basic fundamental assumptions that drive behavior in an organization. We're saying that any behavior in an organization can ultimately be traced to one or more fundamental assumptions about how things ought to be in that organization. We are saying that those assumptions give rise to behavior that can be thought of as cultural manifestations.

This definition of culture allows us to think of culture as being analogous to the roots of a tree, with the cultural manifestations being the branches of the tree. If you think about the frustrating cycle that I discussed earlier, we can attribute that frustrating cycle to a tendency to try to make changes in the branches without assuring that the roots are congruent with those changes.

A hypothetical case to make the point, if I might. I live in Georgia. I have a grove of oak trees. I enjoy the oak trees; I am pleased with them. But perhaps because I live in Georgia, I would like to harvest peaches in season. I decide that I would like to plant a peach tree. Yet, I don't have room to plant the tree. I don't want to remove one of my oak trees. I don't want to chop it down; I don't want to uproot it. So I come up with the idea that if I can go out and find a healthy peach limb, bring that peach limb in, find a healthy oak tree, I will graft that peach limb onto that oak tree.

Now, as I watch the grafting process, I control for moisture; I control for exposure to light; I control for temperature. I control for whatever is necessary or whatever will affect the grafting process. It looks as if I will be successful. In season, I even harvest a meager crop of peaches. I am delighted.

All the while I am doing this, the roots of the oak tree involved are sending signals up to the point of grafting saying, "This is an oak tree." Now, that saying, "This is an oak tree" is saying to the peach limb, "No matter how much Thomas watches you, protects you, and nurtures you, you will eventually have to wither, die, and fall off. The laws of nature say that peach limbs don't grow on oak trees. Now, if Thomas wants you to be here on a sustainable basis, he has to come down, examine the roots, determine what changes have to be made to allow a peach limb to sustain itself, and then make those changes."

Now, when Thomas comes down and examines the roots, he finds that there are root guards around each root. Those root guards play a very important role. Their job is to assure that you don't tamper with the roots of this tree, this tree that's been here for a while—that you don't tamper with them arbitrarily.

When the root guards hear the word "change," they all come to alert. They are at full alert, and they remain at full alert until they understand which root is going to be challenged. Once they hear the number of the root that is going to be challenged, guards not associated with that root return to "at ease." Guards associated with that root attack the change agent. They attack that change agent, inflict pain, withdraw blood, to make certain that he or she really wants to talk about change with respect to this root. That is very difficult on the change agent but very, very appropriate for the integrity of the tree.

We're saying that if you don't take into account the roots, you are going to have difficulty with sustainable progress in advancing minorities and women or fully utilizing all of the resources in a corporation.

The second part here is systems. We believe that you have to look at systems.

Another story—this time a very real story. An individual called and said, "We have a system. It's a topnotch system. It's state of the art; it's cutting edge. The system is intended to help us identify fast-track candidates for plant managership. It is intended that this system works for a diverse group of people. We have deliberately put a diverse group of people through the system and consistently a certain group has failed to progress through the system. That group is white women. We have put eight white women through. Eight white women have fallen by the wayside. Do you have any observations that would be helpful?"

My first observation was, "Why are you calling this a topnotch system?"

His response was, "Roosevelt, that's irrelevant. I assure you that's not the issue. Take my word this is cutting edge, the best system we've had. We are pleased with the system. We want to know if you can help us with this issue about white women falling out of the system."

I said, "Well, let me be clear. You intend for the system to work for everyone."

"We do."

"You have deliberately put through a diverse group."

"We have."

"White women consistently have not done well in the system."

"Right."

Again I raised the question, "Why are you calling it topnotch?"

At this point he was becoming irritated. He said, "Roosevelt, again that's not the issue."

What this individual was having difficulty doing was saying the system might be broken. We have difficulty declaring a system as being broken when it works for the majority but may not work for a given group. Managing diversity says there are at least three possibilities in this situation: the individual needs fixing; the system and/or the culture needs fixing; or the third possibility is some combination of both. Affirmative action-melting pot says the onus is on the person who is different. That individual wanted from me some recommendation as to what could be done to get a group of women who could go through this topnotch system. We're saying that you have to be prepared to assess the system and to declare it is broken when it is not working.

The final characteristic of a managing diversity approach is that it stresses the business motive. It stresses the possible competitive advantages that can accrue from effectively implementing a managing diversity concept. Historically, we have looked at this as a moral issue, as a legal issue, and perhaps as a social responsibility issue. We are not saying that those perspectives are not relevant, but we are saying there is a fourth force available, and that if we are going to be able to do what is necessary to look at culture, to talk about culture change, to talk about system changes, we are going to have to have that business motive.

Now, implementation here from our perspective is involved. You're talking about a multiyear effort. When you start talking change, you're talking 5 to 15 years before you can walk away and say, "This is a done deal." Now, you can see progress much earlier, but you're talking about a commitment. This is not a one-shot, 1-year, 2-year type of thing. We're talking about a multifaceted approach to interventions. You're talking about system interventions; you're talking about cultural interventions, and fundamentally, you're talking about a new way of thinking. You're talking about changing mindsets. We are finding that the most difficult aspect here is changing the mindset, changing how you think about managing, changing how you think about diversity, from affirmative action-EEO alone to affirmative action-EEO plus managing diversity.

This is a very quick overview of our approach of an initiative that we find is attracting more and more attention for advancing and fully utilizing a diverse work force. We believe the stakes are high. The stakes are high for an individual corporation that wants to remain competitive, not only in terms of the diversity that is coming but the diversity that they have on board at the present time. We believe, finally, that the stakes are high if we as an American economy are going to remain competitive on a global basis.

I thank you for the opportunity to present these comments.

CHAIRMAN ALLEN. Thank you very much, Dr. Thomas.

Mr. Rechter.

Statement of Ben Rechter, President, Rogers Group Investments, Inc., Nashville, Tennessee

MR. RECHTER. I want to first of all say how much I have enjoyed listening to Dr. Thomas' comments here and earlier this morning. I'd like to say to the Commission, good morning, I'm glad to be here.

My name is Ben Rechter, and I'm the president of Rogers Group Investments, Inc., a holding company whose flagship is Rogers Group, Inc., a national organization engaged in mining, construction, real estate development, building materials, and energy resources development. As a matter of fact, our company does business in almost all of the States whose representatives were introduced here a little earlier. I am pleased to have the opportunity to address the Commission this morning on initiatives undertaken by my company and others that seek to assist and supplement the efforts of nonprofit agencies that serve the needs of our community.

The American business community has long been looked to as a source of funding for nonprofit agencies and initiatives. Major corporations have instituted charitable contribution policies and have embraced a "fair share" solicitation concept that comes from agencies like United Way. One of the more traditional means of corporate social responsibility has been the foundation whose purpose is to evaluate projects for potential funding through the grant-making process. More recently, a combination of factors has made it apparent that adequate funding, while necessary for an agency's operation, is not tantamount to success in serving the agency's clients' needs.

According to the management expert who we are all familiar with, Peter Drucker, running a nonprofit organization is one of the toughest jobs in the world. Diminishing resources, increasing demands, rising costs, stiffer competition, and the rapid technological changes have made the job much, much harder. All of these factors have meant that more agencies are at risk, unable to cope with the running of the agency and serving the community at the same time.

In late 1984 President Ronald Reagan appointed a task force composed of corporate executives from across the country. This task force was a private sector initiative—and I had the good fortune of chairing a piece of it—and it was formed to examine the critical problems at Fisk University, an historically black university here in Nashville, and other black institutions facing similar financial difficulties. The 18-month demonstration project involved 120 professionals who acted as volunteer consultants and served to determine whether business and professional experts from the private sector could be used to address public problems more effectively than government could. The final report issued by the Fisk Advisory Board, an outgrowth of the task force, constituted a blueprint for the survival of historically black colleges and specifically addressed the issues at Fisk.

The model developed for Fisk became the origin of the concept for the Group Assistance Project instituted by my company, the Rogers Group, in 1987. It was my belief that the same methodology employed by the Fisk Advisory Board to identify problems at the university could be utilized by corporations in their efforts to assist local community agencies. The basic premise was that nonprofit agencies have the same management and operational needs as any business, and this is borne out by our experience with the particular agency that we have assisted. In my work with community agencies over the years, it has become apparent to me that many of these organizations, while meeting worthwhile needs, are not managed as well as they might be and have little, if any, strategic vision. Many have gaps in staffing, use of funds, and project objectives. They are truly at risk.

In forming the Group Assistance Project, we pulled together Rogers employees from all levels of the company, with varied experiences in areas of organization, finance, long-range planning, and management.

The process of selecting an agency for assistance was very interesting. It began with a three-part criteria that defines what "at risk" meant to us. Well, for our project there were three things, as I said: they had to be agencies that could not save themselves by themselves; they could not be saved by others—in other words, more money; and they could only survive with this type of intervention, the type that addressed organizational problems.

Let me say at this point that we have been working with the South Street Community Center for well over a year. But before we began working with them, we signed a mutual agreement, a contract, with the board of directors of the agency that outlined the steps that we proposed to take in assisting South Street and the expectations for both sides in addressing the problems. The entire process has been negotiated and involved a commitment by the agency's board to cooperate in achieving the objectives of the project, and in making necessary records available to the team, and giving full consideration to all the recommendations and the proposals developed by the team.

The following is the introductory paragraph from this agreement or contract we had with them. It stated:

> The primary purpose of the Rogers Group Assistance Project is to address the conditions and problems which have put an agency at risk and have been articulated to the Rogers Group Assistance Team by the agency board of directors. The assistance team will make specific short-term action and long-term strategic recommendations to resolve the problems and change these conditions. Further, the team will help in identifying and developing the resources necessary to support the agency and its programs.

To determine exactly what those concerns are, the team looks at five issues: mission, governance, agency finance, support services, and agency development. In each of these areas, both a short-term, or what we could call an immediate fix, and a long-term strategy are identified.

Work on the mission involves both the stated purpose of the agency and its programs to meet that purpose. The team assists the agency in identifying unmet needs and the clientele it exists to serve. Program offerings are evaluated in light of those needs and modified to reflect the demands of both the clients and the needed assistance.

The governance issue, which I think is by far the most important, addresses the management of the board of directors, agency planning, and agency organizational development. Immediate goals and objectives are developed for the board, and more long-range strategic planning is instituted that will result in a comprehensive restructuring of the board. An emergency 1-year plan of action is developed, and assistance is provided in the development of a 5-year strategic plan. Organizational development assistance includes substituting a temporary organizational structure and the development of a new system of organizational development.

The assistance team evaluates the financial conditions, the operations, the planning of the agency, and helping the agency to balance its budget through cutting costs and revenue increases, as well as the recruitment or assignment of a financial person to control the budget. An integrated financial system is developed, and long-range financial planning is instituted.

The facility housing the agency is evaluated, and an immediate program of targeted maintenance cost savings is undertaken. The team also assists in the development of a facilities management system that is part of the long-range planning.

Finally, for overall agency development, the team will make an immediate effort to raise the level of funding from current sources and assist in building a permanent outside base that produces a specific percentage of the agency's operating budget. The assistance program will also develop a new volunteer program to recruit and train volunteers as well as develop a staff volunteer coordinator responsibility. Increased publicity and neighborhood and community relations form the core of the external relations effort to be developed by the team.

The methods that the assistance team will use to obtain information which their recommendations, proposals, or actions will be based on include interviews with the agency's board of directors, the agency's staff, the past and present clients, funders, and volunteers, and a thorough examination and analysis of the agency's financial programs and other records which are available.

A work plan governs the overall approach and specifies that the agency is responsible for the immediate short-term action while the assistance team will pursue the long-term strategic planning. The work plan steps include a situation audit or survey, a mission review, long-range objectives, formulating program strategies, and the plan implementation.

In each of these areas, the team works with the appropriate agency personnel, guiding them through the entire strategic planning process for each issue. The team members act as consultants and advisors. This aspect is absolutely key to the success of the Group Assistance Project. The agency and the board of directors have to—they must—take ownership of the process and actively participate in it to achieve any kind of success at all.

The Group Assistance Project and what we developed is not a cookbook. Its purpose is to train the agency's leadership by actually taking them through the process of classic corporate strategic planning. It isn't easy, but it does have its rewards. Our team has been continuously involved with South Street, working with the restructured board, and sitting in on committee meetings to assist now in the implementation phase.

We also have provided, as an incentive beyond the immediate realization of improved management, an incentive that is a carrot. We have offered, after 1 year, a contribution of $10,000 if all of the first year's goals and recommendations are followed, if the goals are met, the goals that were set by the board were met. Now, $10,000 is not a lot of money in that agency's budget, but they had only raised $13,000 outside the prior year, so that was a big deal.

Now, I am firmly convinced that the benefits that we at Rogers gained are as significant as those that were realized by

South Street. Through the Group Assistance Project, we developed another group within our company that integrates several levels from the top to the bottom of the organization. The team possesses a synergy that only comes from a shared project and that type of commitment.

From a community relations standpoint, the Group Assistance Project got employees in our organization involved in social services who would not have otherwise done so. For many on the team, their involvement with South Street was their first experience at working with social services in the community. It also was their first experience at being a minority, because although they had worked with minorities possibly, most had not been in situations where they stood out as the only white person present.

Working with an agency whose primary service focus is disadvantaged minority children—because South Street provides day care and other support services for a predominantly black community which surrounds it—working with these minority children created interfaces that fostered new understanding and awareness on both sides of the equation. The chance to engage in problem solving also brought into clearer focus the very real needs of the minority community in Nashville to those people on the team.

The project also fostered mentoring relationships within our own ranks. The chance to work on a priority project with top management staff was attractive and gave employees an unusual opportunity to demonstrate leadership skills outside of their normal work environment. As a pilot program, the Group Assistance Project at South Street offered a working laboratory and shows every indication of being a model that can be successfully replicated by other corporations.

For South Street, the Group Assistance Project offered hope and direction in the face of dire financial straits and a real chance for survival. Certainly, not all of these problems are solved, but a year later many of the critical areas are well on their way to correction. A new and energetic board, as well as a recommitted staff, have found positive proof that their mission is a valid one and that the programs, while needing adjustment and modification, are the ones which serve to fill definite needs.

What is perhaps most encouraging to me is the evidence of corporate involvement in community services that our project reflects. The Rogers Group is certainly not alone in its efforts to help people within our community help themselves. As a matter of fact, one of the resources we called upon as we undertook this project was the Management Development Center at the United Way of Middle Tennessee. An initiative sponsored by the HCA Foundation, the Management Development Center utilizes professional consultants and business executives to provide management training and offer specialized consulting services ranging from financial planning to organizational restructuring. Some 49 middle Tennessee companies have provided 68 volunteer consultants for the Management Development Center.

In our case, we arranged to have board members of the agency and staff attend seminars offered by the center. The executive director of South Street attended a 2-day marketing retreat and is currently enrolled in an executive development series to strengthen her management skills. And the center acted really as a consultant to the consultant for members of our team.

The United Way has recently begun a pilot program called Project Blueprint which targets women and minorities to increase their responsibilities as key decisionmakers on United Way agency boards. The program identifies volunteers, offers training in nonprofit management skills and procedures, and places the program participants in a 6-month internship with a United Way agency board. The United Way also offers an ongoing corporate involvement project for companies interested in developing volunteer opportunities for individual employees and total corporate participation. Through an employee survey, a profile is developed that guides the company in their community service activities.

Individual corporations in Nashville have played a major role in funding and leadership of community service organizations. The HCA Foundation annually awards outstanding achievement for nonprofit management and has provided the seed funding for the Management Development Center which I mentioned earlier. Northern Telecom Corporation, American General Life Insurance, Nissan, Third National Bank, and First American National Bank are only a few of the hundreds of companies who contribute and encourage their employees to contribute through time, talent, and financial assistance that benefit community local social service agencies.

You know, an emerging trend across the country that I see is the commitment and support of education, particularly at the lower levels, by the corporate community. Both the Rogers Group and First American Bank have determined support of education will be the primary focus of their community efforts in the coming year. We at Rogers have gone as far as to survey the 45-some communities that we have operations in, where we are located, to determine what the greatest needs are, and as a result of those surveys we have dedicated 80 percent of our corporate contributions to early education intervention.

Project Pencil, which is funded by corporations here in Nashville, and its Adopt-A-School program have mobilized companies to take personal responsibility for an individual school, meeting with the students, and offering resources to the schools that improve the quality of education offered to them.

A recent *Business Week* story examined the growing concerns and efforts by the corporate community to come to grips with the number of workers lacking basic educational skills and the changing nature of the work force. In terms of human capital, corporate efforts must seek to eliminate the causes of our faltering competitive position in the world through assistance programs and initiatives that do not merely redress past wrongs or throw money at the problems, but really address the needs and adverse situations in our communities.

As I look at efforts in our region, I see that beginning to happen. There is, among some, the recognition that we can only be as good as the least of us. In order to improve things for those at the lower end of the socioeconomic scale, efforts must be directed both at correcting systematic problems and enhancing opportunities.

In preparing my remarks, I submitted the title, "The Corporation as Agent of Social Change." I believe that the market forces and the bottom line dictate an increasing role for corporate America to intervene in social issues and effect social change. As a corporate executive, I look for the greatest leverage, the biggest bang for my buck, as it were, in every decision that we make for our company. And I believe that that may be the best lesson to teach the community agencies that are at risk, enabling them to help themselves, their constituents, and their long-term effectiveness. Through this type of corporate involvement, we can gain a much better understanding and appreciation of the hard problems Americans face today.

Thank you very much.

CHAIRMAN ALLEN. Thank you very much, Mr. Rechter.

Now, to my colleagues, I'll start at my left this time with Mr. Chan.

COMMISSIONER CHAN. Thank you.

Dr. Thomas, based on your presentation, you had commented that affirmative action has limitations. And to your opinion, does affirmative action need some kind of closer guidance or policing?

Let me repeat it again. We all agree that affirmative action has limitations. Now, to improve that, what is your opinion? Do we need close guidance or policing or some kind of refinement suggestions? I'd like to hear a little bit more from you.

DR. THOMAS. I think first of all we have to be clear about what have been the results of affirmative action issues to date, and that is something that can be researched. It is amazing to me the little amount of research on affirmative action that is available to corporate executives as they make decisions in this area. That was one of the reasons we started the institute, with the idea of trying to close that gap.

I think we need to be clear about what corporations have been able to accomplish through affirmative action, and what have been the challenges that remain. My sense, based on the limited amount of research we have done and the interaction we have had with corporations, is that we will find that affirmative action has not looked at cultural and systemic types of issues. That is a weakness of affirmative action, but perhaps it's a weakness by definition. But what we are saying is, whether you include it as affirmative action or whether you include it as a part of what we call managing diversity, you are going to be hard pressed to see sustainable progress in fully utilizing a diverse work force without taking into account the culture and systems of a corporation. Affirmative action by definition so far, by tradition so far, as practiced in the American corporation, has not had that focus.

COMMISSIONER CHAN. So, generally speaking, some kind of refinement is preferable?

DR. THOMAS. Refinement or supplement. We have been talking about a supplement, the supplement being a managing diversity concept. At this point, the reality is that even traditional affirmative action as approached, as practiced now, has benefits for corporations. The challenge is how do you supplement it to get beyond its limitations.

COMMISSIONER CHAN. Thank you.

Mr. Rechter, it is admirable to find someone who gives attention to minorities and tries to solve their managing problems. This South Street community is a nonprofit organization apparently. They only have a pot of $13,000. I presume that your company has provided this kind of more or less free service to them, or cut rate service to them. Do you also make a similar analysis or perform a similar job on the bigger corporations?

MR. RECHTER. No, let me explain. First of all, South Street has a budget of over half a million dollars a year, but what they have raised outside of their two primary funding sources, which are the department of human services here in Tennessee and the United Way, is only $13,000. So year after year after year, they live off the two funding sources that they have. Now, $13,000 is only the outside money that they have raised.

To answer the other part of your question, we at Rogers Group are not consultants. As I said earlier in my opening remarks, we are in the mining and construction businesses, and we just took this on as a community project as volunteers because we felt that these at-risk agencies needed management help rather than more money thrown at them.

As a matter of fact—I almost want to look around the room to see who's here when I say this—when we went to United Way or when they came to us and we began to investigate whether they met our criteria or not, both United Way and DH&S said, "This is the worst agency in the community. We have had more problems, not just this year but year after year after year."

Well, that just gave them two stars for us because it gave us an opportunity to take a very difficult problem to see if we could apply this methodology that had worked before and made a lot of sense to us to this difficult problem, and then perhaps out of that develop a model that could be replicated by other corporations for management assistance.

COMMISSIONER CHAN. Thank you.

CHAIRMAN ALLEN. Commissioner Buckley.

COMMISSIONER BUCKLEY. Let me see if I can phrase this short. Dr. Thomas, when you talk about your oak tree and going in and changing the roots, could you be more specific and tell us what might be one of those roots you specifically address to help sustain that limb?

DR. THOMAS. We have uncovered several roots. In one instance, we were asked to come into a corporation in the South that was concerned about the fact that women and blacks were not moving into the managerial level. We uncovered a root there called the "Captain Kicktail Route." We were talking to a white male who really helped put this in perspective. We asked him, "What is required to be successful in this corporation, to be promoted?"

He said, "Roosevelt, you have to have bottom-line results, ability to work with people, leadership ability, and this particular year something called compassion. Compassion is the buzz word so your ticket has to be punched on that variable."

He then looked at the door to make certain the door was closed and leaned forward and he started whispering. He said, "Roosevelt, down the hall there's a fellow whose nickname is Captain Kicktail. He is a mean-spirited SOB. He will step on you, spit on you, stab you in the back, holler at you, do whatever, but he gets results." He said, "That's the kind of behavior that they reward."

I said, "Well, if that's the kind of behavior that they reward, are there any implications for minorities and women?"

He said, "Roosevelt, no, there are none." He said, "A woman can be a Captain Kicktail and a minority can be a Captain Kicktail."

That very well may be true in an absolute sense. In a relative pragmatic sense, it is difficult for anyone in the numerical minority, regardless of the minority and majority, to adopt or exercise a Captain Kicktail style. Even if that is the dominant style, it is difficult for a minority to do it and survive. Now, the implication there for that corporation is that they have a root in place that by definition says, "If you are in the numerical minority, you are going to be hard pressed to deal with that root."

The challenge is not how do you change that root; the challenge there is how do you get it out of the ground on the table, so we can discuss it and say, "Here are the pros and cons of the root."

When you talk to them about the roots, that is something that is only whispered. They would prefer to talk about motherhood and apple pie. But that root, Captain Kicktail, stays there and stays striving.

Another very brief example. We were doing some research in an R&D facility and we had occasion to talk to 25 Asian Americans. These particular Asian Americans said they observed that their culture had a root that called for an assertive, aggressive, go-get-it type of behavior. These Asian Americans said, "From our perspective, that is not congruent with our culture. If we are in a session like this and we have an insight, we are not likely to say, Here is an insight; rally around it; isn't it the right thing to do.' What we are more likely to do is to take that insight, hold it to our chest, go back to our office, refine it, modify it, test it, refine it again, and then bring it back and say, Here is something worthy of your consideration'."

The difficulty is by the time that individual gets back, the group would have moved on, would have noted that this individual has been quiet. They would have inferred that that individual is not aggressive, not assertive, not a go-getter, and not one with leadership potential, which means that that individual would be viewed or slotted for bench work, for professional work, but not managerial or leadership work.

The irony of this is as you recruit top-flight scientists, you are hard pressed to ask for the top scientist in a top organization, a top university, and not have one of them or more than one being Asian Americans. So as corporations recruit top scientists, they are bringing them back and in many instances putting them in an environment that does not enhance the like- lihood that they will be able to prosper.

Those are two examples of assumptions that we have uncovered.

COMMISSIONER BUCKLEY. Let me ask a little more on that. Yesterday, one of the newspaper reporters was talking to us about the attrition rate that happens, when you have the right kind of people and then they leave.

What are you proposing? Are you suggesting that the company provide an executive work session of some kind within the company to make sure that these individuals maintain their leadership skills, change it? What do you propose to correct?

DR. THOMAS. Managing diversity, as we see it, has implications for how you manage a work force that happens to be diverse, and what we are discovering is that it really has basic implications for how you do business. It is not something you can attach and leave the main system untouched. What we are discovering is that if you want to make progress here, you're talking about fundamental change.

We are also discovering that, as we look at this concept and look at the roots, managing diversity is intertwined in other initiatives that are already underway. Some corporations have empowerment programs, participatory management. You cannot make progress with participatory management in a diverse work force without managing diversity. So if you're talking empowerment, managing diversity is already intertwined there.

Other corporations have major total quality-type approaches where they are attempting to become skilled in quality. You cannot talk about that approach without talking about managing diversity, and corporations are finding that. So the corporations that are really pioneering here are beginning to see that this is not an isolated issue. It is an issue that is intertwined. And even more so, we are talking about a fundamental way of doing business.

It's like my having an automobile, and I'm driving around Nashville and I've been driving this automobile for years, and I'm driving on 100 percent gasoline. Now, you tell me all of a sudden, "Roosevelt, as you drive around Nashville, you will find that instead of 100 percent gasoline, we will gradually take you down to 15 percent gasoline and water." Now, if I don't begin to talk about what do I have to do to my motor, my car is going to chug to a stop.

And that is basically what we're saying here. If you don't look at how you're doing business, if you don't look at the basic principles underlying that motor, you cannot assume that the way you have been doing business with a relatively homogeneous group will be the most effective way to do business with a diverse population. That's the basic premise, underlying premise, of managing diversity.

COMMISSIONER BUCKLEY. Thank you.

I have one more question. Mr. Rechter, when you talk about going into the communities and helping the communities through these agencies, you have in here that I think this year's goal is for your corporate involvement to be in the area of education projects for your companies.

MR. RECHTER. Yes.

COMMISSIONER BUCKLEY. Could you talk a little bit about some of the education projects that you see should be an area of concern or focus for your businesses—the kinds of projects?

MR. RECHTER. The kinds of projects are very difficult to describe because there are many. Basically, they deal with early intervention types of projects. They deal with getting the kids prepared, getting them ready so that they don't fail or drop out.

Personally, we feel that those types of programs are better than trying to deal with people who have already dropped out or are about to drop out. It's a matter of leverage with us. It's where you can get the most bang for your resource, dollar or whatever else it is. So early intervention is my answer to you.

COMMISSIONER BUCKLEY. Thank you.

CHAIRMAN ALLEN. Vice Chairman Friedman.

VICE CHAIRMAN FRIEDMAN. Let me just say that since the perspective of this session and all the sessions has been to see how the old strategies work and how we adopt new strategies, one of the oldest strategies, obviously, which has literally has torn apart the civil rights movement, whether it be the Civil Rights Commission or the agencies, with all sorts of political ramifications, has been the issue of racial quotas, sex quotas, racial preferences.

I wonder if both of you as a panel—I realize I'm throwing this at you sort of cold in the sense that it's not connected with the thrust of your paper. How do you feel we should view those issues much more explicitly than your general reference to support affirmative action? How do you feel this Commission and America generally in the field of civil rights should view the strategies of racial quotas or racial preferences and sexual preferences and so on?

DR. THOMAS. I can just comment that as we look at affirmative action and compare it to managing diversity, we see quotas as being transitional, artificial interventions.

VICE CHAIRMAN FRIEDMAN. But desirable for the coming—

DR. THOMAS. Transitional. The goal is to move from affirmative action to managing diversity, where managing diversity says, "We don't have to worry about quotas"—and this is not as idealistic as it sounds. It sounds idealistic, but it says that as a concept we're trying to manage a diverse work force so that the progress that we use to bring about our goals artificially, that that progress takes place.

Now, that doesn't presuppose that you would have certain percentages, but it does presuppose that if all other things are equal, all people will have an opportunity to reach their full potential without barriers. And our biggest challenge with managing diversity is to look at systems, to look at culture, and then make certain that we screen out barriers that deal with irrelevant classifications.

So I think what we have seen is that there have been implicit or explicit goals, with the idea that they will be transitional. The unfortunate part of this is that they turn out not to be transitional. And when they are not transitional, then they create their own—one of the weaknesses of affirmative action, as we have seen it operate, is that it tends to create its own backlash. And if you have goals in a corporation, for example, whether implicit or explicit, and they seem to be permanent and you don't seem to be making progress to where this becomes a natural thing of people rising to their full potential, then those goals sort of create a backlash that unravels what you have accomplished.

So from our perspective, the ideal is that, to the extent you have to use goals to prod the system artificially, it's a transitional type of arrangement, leading to the managing diversity process that makes that progression natural.

VICE CHAIRMAN FRIEDMAN. I just find the word "transitional" a bit too nebulous in the sense of: How transitional is transitional?

DR. THOMAS. It hasn't been transitional at all up to this point, sir, because we have not had managing diversity. The theory has been that it will be transitional, but we haven't had the means to make it transitional. And what I'm arguing is that managing diversity holds the potential of giving us the means. But let's be clear. We know very little about managing people who are different. What we are beginning to uncover as we talk to corporations is that we know very little about managing people who are homogeneous.

[Laughter.]

And that's a major barrier. So we're talking about some major changes here. And that's the blockage that is getting in our way that makes that transition look nebulous.

VICE CHAIRMAN FRIEDMAN. Do you have a comment?

MR. RECHTER. My first comment is whoever told you they have trouble managing homogeneous people, they're right, also.

I have argued both sides of this. Back in the 1960s, the middle 1960s, I was really for the quotas. I thought it was the only way to get something done, and I think that's the reason we started out with quotas.

Now I think I've come a little bit on the other side of that circle, and I think we ought to have goals. I think quotas can make some sense, but I think we have gone too far with them, and they are too specific, not general enough. I think when we have to have quotas and the quotas aren't working, or that tack isn't working, it tells us something is really wrong way, way back.

And I couldn't agree with Dr. Thomas more in his comments on managing diversity, and the diversity management is probably a key ingredient and one of the reasons it isn't working very well.

So I say also in agreement with him that quotas tend to create barriers. They tend to create a "have to" attitude in a corporation, and it's meeting the requirement. It is not really a proactive culture that is involved in that issue then. It sets it aside. It makes it like any other requirement that we have to deal with just to do business. And that's probably why it doesn't work. Even though with good affirmative action plans and programs inside corporations we try to make it work, it's almost doomed to failure until it's taken on the other side and gotten into the culture such as Dr. Thomas suggested.

VICE CHAIRMAN FRIEDMAN. May I ask one more question?

CHAIRMAN ALLEN. By all means, sir.

VICE CHAIRMAN FRIEDMAN. I'll make it very crisp. This may be more in the form of a comment, but I'll raise my voice at the end of the comment so it will sound like a question.

As I understand this managing diversity, you are describing a process by which the company will change, the organization will change, in order to fit a diverse work force? No?

DR. THOMAS. No, we're saying that there are three possibilities. There has to be some adjustment on the part of people coming into the work force, and there has to be adjustment on the part of the corporation. Now, the affirmative action-melting pot approach has assumed that the bulk of the adjustment would be on the part of the individual. What we're saying is we have not looked at systems, we have not looked at culture, to raise the possibility that here, too, there might be a need for adjustment. So we're talking about shared adjustment and not adjustment solely on the part of one or the other.

VICE CHAIRMAN FRIEDMAN. Then let me make this point—and possibly I'm not fully understanding you. It does sound to me, though, that to some degree you're asking the company to change its culture in order to meet its more diverse work force. It seems to me the primary culture of a corporation is to make money, and that therefore to try to make the company change in order to have a more diverse work force is, like the man from La Mancha said, an impossible dream.

DR. THOMAS. That's not what I'm saying. What I'm saying to a corporation is: "If you're going to make money—if you're going to make money; bottom line, if you're going to make money—and if you're going to do it through people, you may have to do it differently with a diverse group than you did with a homogeneous group."

That's all I'm saying. And I'm very clear on why. The motive is money. The motive is viability. The demographic projection says, "Put aside social responsibility; put aside moral issues; put aside legal. You've got a different gas mixture. If you are going to continue, if your bottom line is for this car to move, you're going to have to do something to that car—not for altruistic reasons, not for benevolent reasons, but because I want this car to move."

So I'm saying to corporations, "Hey, this is a business issue. This relates to your direct viability."

MR. RECHTER. I'd like to add one short comment to that.

VICE CHAIRMAN FRIEDMAN. Sure.

MR. RECHTER. The corporation's culture, Commissioner Friedman—the culture itself is not to make money. That is an objective of the corporation. But the culture involves the environment and how they do things.

VICE CHAIRMAN FRIEDMAN. Thank you.

CHAIRMAN ALLEN. Commissioner Destro.

COMMISSIONER DESTRO. Well, I'd certainly like to thank both of you. This is most informative. And as I told my colleague, Commissioner Guess, a few minutes ago, when I first heard him give a speech about managing diversity a couple of years ago at Catholic University in Washington, I was initially fairly skeptical because my first question was: Who is going to manage the managers who are managing diversity?

And as I listened to your comments about it, it brings me back to a theme I have raised in a number of different places, which is: It's all well and good to have affirmative action as long as—you know, you can be black, you can be Jewish, you can be Hispanic, but as long as you get into the corporation you can't act like one. There's no sense of the value of diversity for its purpose of making the company more viable, or making the institution more viable. So what I hear both of you saying in different ways is that you first decide what you want to do, and then you decide how you're going to do it, given what you have.

The question I have, though, goes really to the question of the criteria with which you define the kind of diversity you want in your work force. You talked about race and sex diversity. I have been very interested for a long time in issues of cultural, ethnic, and religious diversity. There are a number of different things, but basically you're looking at how different people look at the world and how they perform the task that they perform.

You have used a number of different examples, all of which I think are just superb, both of you. You have used the nonprofit sector, and I've worked in the nonprofit sector and it's devilishly difficult because they want to do good things.

How do you open up this notion of affirmative action or managing diversity so that people who are not in the public consciousness—and I use a term now that we derived from a woman who came to talk to us about affirmative action in Canada where they talked about the visible minority, the one that they see. How do you open it up so that all parts of a community feel like there's a priority for them, too, not just racial minorities and women, but disabled people and Jews and Polish people, and the whole diverse group, the Appalachians—you name it. How do you do that? Is that part of this?

DR. THOMAS. Well, we've seen that type of awareness as being an outgrowth of an appreciation for the concept. Managers are very reluctant to talk concept. When you introduce a new concept, the first thing they want to know is: What type of action do I have to take? But where we have found managers to have an appreciation for the concept, it's amazing how easily they broaden the definition. One manager, I think, started to buy into the concept, and immediately he started talking about all kinds of diversity, even diversity among white males where he thought we were missing the boat in terms of creating an environment for all of these individuals to contribute to their fullest.

I think we are basically talking about a mindset change, and we are going to have to take the time to foster that mindset change, and that is clearly one of the roles that we have adopted for ourselves at the institute. Through public education we want to foster a change in mindset because we think these issues are not only germane to the corporation but to other institutions in society, whether you're talking about community organizations, whether you're talking about academic organizations, secondary schools, elementary schools, colleges, universities, or whatever.

So for us, it is fundamentally a mindset change. And as that mindset change takes place, it's broadening. That's why we say it's a way of life; it's a way of life.

COMMISSIONER DESTRO. In essence, you're describing a cultural change.

DR. THOMAS. Exactly.

COMMISSIONER DESTRO. The way people look at the world. That's why I say I am very impressed with what you're talking about, and it captures a number of the things that I have thought about but have not been able to put into words. So it's very good.

I'd like to ask Mr. Rechter, in terms of working with nonprofit organizations—because nonprofit organizations do a lot in terms of operationalizing the aspirations of civil rights policies; they are actually the ones who are out there in the field doing things—how successful do you think you have actually been? My own experience with nonprofit organizations is that, "We're good people and we do good things. We don't understand why we are not getting any further than we're getting. How come people don't appreciate us?"

Do you feel like you're meeting with success in restructuring some of these organizations? And how do you think they can be made more effective to do the kinds of things that need to be done?

MR. RECHTER. Well, as to the first question about do we feel like we've made a success, the answer is yes. Of course, the proof is still in the pudding, and let's look back in 5 or 10 years and see if it's been successful. Because our objective was not to do it for the short term; it was to do it for the long term.

As I was going through my comments earlier, I parenthetically said that the governance issue was the one I believed to be the most important, and the single key to make sure that you get a stick out of it, that it sticks, that it stays with. And the restructuring of the board in getting the right expertise on the board—it's just like a corporation; if your management is right, everything else happens. You do what you're supposed to do; you make money; your affirmative action programs work better—anything you're trying to do.

Well, the same thing is true with the nonprofit. That is, the governing body, the board of directors, if they're right and they're in there for the right reasons, all else pretty well takes care of itself. So the long term is to develop the governance of the nonprofit, the board of directors.

COMMISSIONER DESTRO. Thank you.

CHAIRMAN ALLEN. Commissioner Guess.

COMMISSIONER GUESS. Thank you, Mr. Chairman. One quick question. This has never struck me before. Rogers Group is nationally headquartered here in Nashville?

MR. RECHTER. Yes.

COMMISSIONER GUESS. You mentioned the fact that you do business in many of the States that are represented here today. Has the company instituted programs in other communities where you operate similar to this?

MR. RECHTER. No, this is a pilot project, Francis, and the idea is if it works here, we'll replicate it, not only for us but for other corporations, too. We really hope to take it out and put it in a package where other corporations can use the format and the methodology to make it very simple for them. If you find something that works, there isn't any sense in trying to reinvent it. No pride in authorship.

COMMISSIONER GUESS. What is the status of South Street today?

MR. RECHTER. Thriving, very good. It's A-plus. I'm hoping that South Street will win the award by HCA of being the best managed nonprofit in the community.

COMMISSIONER GUESS. Do they get a cash incentive if that happens from your company?

[Laughter.]

MR. RECHTER. We haven't talked about that, but you never stop.

[Laughter.]

COMMISSIONER GUESS. I'd better quit while I'm ahead, Mr. Chairman.

CHAIRMAN ALLEN. Thank you, sir.

Staff Director Jenkins.

MR. JENKINS. One quick question to Dr. Thomas. Several years ago there was a book written, *Blacks in Corporate America*, by two young professors, one from Harvard and one from Howard University. There were several criticisms of affirmative action programs in major corporations. One, blacks who were recruited from major corporations were on what I would call an affirmative action tracking system—usually in human resources divisions—was one major criticism. Two, those minorities or blacks that had been recruited for major positions were really by themselves lonely at the top, with no survival. How does your management system play with both of those?

DR. THOMAS. We think those are consequences of culture, and that if you can get at the cultural roots that gave rise to that behavior, then you can avoid it. The loneliness at the top comes about because you've got the glass ceiling and the premature plateauing. So if you can get around the glass ceiling and the premature plateauing, you should begin to see more proportionate movement up the hierarchy than you have without that action. So I think you're talking about conditions that can be resolved through developing appropriate supporting cultures for an effective managing diversity approach.

Mr. Jenkins. Those that have made it to that position, is there any responsibility they have, those minorities?

Dr. Thomas. Yes, it's a real interesting phenomenon when you talk about the people at the top. We were in a corporation and they have a special obligation. Part of the obligation that the people at the top have who have been through a melting pot process is they are not quite always in touch with reality. We were in a situation where there was talk around identifying what different groups brought to the table. And a woman manager who had really progressed very highly said—they were talking about what women bring to the table, and she very calmly without bitterness said, "If you get in touch with what femininity means, let me know, because I haven't been feeling too feminine lately."

What she was saying was, in the process of going through the melting pot experience and accommodating herself to the corporation, she has lost something. And lately as she's looked in the mirror, she's realizing she's lost it, and she'd like to try to get back in touch with it.

So I guess the point I'm making is that the melting pot experience, especially for people who move up, sometimes can become a barrier to their being able to be of help. But clearly to the extent they can, they do have a role to play.

Mr. Jenkins. Thank you.

Chairman Allen. Thank you. I am going to forego questions. We are at the limit of our time. I want to thank you very much for what has been an informative presentation and interesting discussion. We will take a break at this point and resume our discussion at 11 o'clock with our next panel, which will be entitled, "A Focus on Neighborhood and Nonprofit Initiatives." We are in recess.

[Recess.]

Afternoon Session

Neighborhood and Nonprofit Initiatives

Chairman Allen. I will call the next panelists to take their places at the panel table in front of me. I will call them off from my left, beginning with Lee Walker. Next, William Walker; third, Pat Pierce; then Landon Lewis; Kevin McGruder, and Clint Bolick at the right.

Preparing to get underway, I will note what is obvious to you from the program that we intended a late lunch today. I hope that does not prove too inconvenient for most of you. We will meet from now until 1:30. We will have lunch from 1:30 until 3 o'clock. And then we will have our regular monthly Commission meeting from 3 o'clock until 5:30.

I should say that we are now reconvened. We are reconvened to hear our panel which will discuss neighborhood and nonprofit initiatives.

We are going to begin that panel with Mr. Clint Bolick because I know Clint has to leave before we finish it, but for the benefit of the audience, I will introduce all the panelists and then simply call on them one by one by name as we go through the panel. They are, from my right, Mr. Clint Bolick, who is director of Landmark Legal Foundation Center for Civil Rights in Washington, D.C. Next we have Mr. Kevin McGruder, who is the program director for the Local Initiatives Support Corporation in New York. Then Mr. Landon H. Lewis, Jr., who is vice president of the Urban League of New Orleans. We have Ms. Pat Pierce who is the director of the Opportunity Development Center at Vanderbilt University. Then we have Mr. William Walker who is vice president of the National Alliance of Business in Atlanta. And, finally, Mr. Lee Walker, the New Coalition for Economic and Social Change in Chicago.

We welcome you all, and I turn to Clint Bolick to begin. You are all asked to speak, I assume from the number, for 10 minutes each; is that correct? If you have not heard, then I will inform you for the first time—you were told 15?

MR. WALKER. I thought so.

CHAIRMAN ALLEN. Well, if you were told 15, we will negotiate and settle out at about 13. I'm sure that's the average we'll meet. But in any case, between 10 and 15 minutes is what we then shall agree upon.

I will again introduce Clint Bolick, about whom I should at least remark in this age in which people say the civil rights movement is now passe, that he is a unique individual, someone who has founded a yet new and active Center for Civil Rights.

Clint.

Statement of Clint Bolick, Director, Landmark Legal Foundation Center for Civil Rights, Washington, D.C.

MR. BOLICK. Thank you, Mr. Chairman, and members of the Commission.

I want to commend you for two essential reasons for being here today. First is you have chosen—I don't know whether you realize this—some incredible competition in that the national aerobics championship is taking place next door. I assume you probably lost some attendance and you almost lost a speaker.

[Laughter.]

I commend you also for taking on this task of looking at the future direction of civil rights and the civil rights issues that are confronting us today. If you look back historically at our 200-year-old-plus civil rights movement in America, you will find that the movement has often taken a look at the issues that are confronting it. And those issues have changed over the last 200 years, and the civil rights movement has often changed in response to those changing issues.

I want to draw a distinction there. Civil rights have not changed. They are today what they were 200 years ago, and we are still in the process, the noble process, of fulfilling America's commitment to civil rights. But the issues do change from time to time, so I commend you for taking a look at those issues and evaluating the role that this important Commission can take in resolving those issues.

The written testimony that I have provided to you actually is more properly ensconced in the previous session dealing with corporate strategies. The testimony was based in large part on a study I recently coauthored for the Department of Labor entitled, "Opportunity 2000: Creative Affirmative Action Strategies for a Changing Workforce." I will not repeat that written testimony except to say that I believe we are arriving at a unique opportunity, largely a demographic opportunity, to both solve a burgeoning labor shortage in America while solving the problem in large measure of providing employment opportunities to those who need them the most.

From a policy perspective, what I think the message of "Opportunity 2000" is, is that affirmative action now needs to move to a human resources emphasis, maintaining vigorous enforcement of the equal employment opportunity laws, but focusing on the fact that no enforcement of laws can solve the terrible deficiencies in human capital development that exist in our society. These are problems that disproportionately afflict minorities and the poor, but they are not issues that are best addressed in that context. And that is essentially the policy analysis contained in my testimony. We have got to go out and invest heavily in helping people cross the barriers that separate them from the employment opportunities that we have in our society. And that, I think, is the type of affirmative action that would best suit us between now and the year 2000.

But since I am assigned to the nonprofit task force, I'd like to talk briefly about what the Center for Civil Rights, which is a nonprofit, public interest law center, is focusing on. I mention that briefly in my written testimony, but I will expand upon those remarks now.

The Landmark Legal Foundation Center for Civil Rights was formed in May of 1988 as a dedicated program of the Landmark Legal Foundation, which is based in Kansas City. What we have attempted to do is to focus through litigation on problems of civil rights that have been overlooked by other civil rights groups in the last few decades. In so doing, we are harkening back to the principles of civil rights that animated the civil rights movement for its first 200 years, a passionate and unbending commitment to fundamental individual rights, the rights of life, liberty, and the pursuit of happiness, and the principle of equality of those fundamental rights.

What we have attempted to do is to identify those barriers to individual autonomy that exist in our society today and to formulate a program to attempt to redress those barriers. These are barriers that are obstacles to civil rights in the classic sense. They are arbitrary, artificially imposed barriers that prevent individuals from controlling their own destinies, much as slavery did in the past and much as Jim Crow and discrimination have done in more recent times. These, I believe, are the new frontiers of civil rights, and consequently I commend them to this Commission for study.

Very briefly stated, we are focusing on four such areas. The first is the area of economic liberty, the barriers that prevent individuals from enjoying the fruits of our free enterprise system, and these barriers are growing constantly as various interests use the coercive apparatus of the government to stifle entrepreneurial opportunities. They range from the prohibition on shoe shining that we are challenging in the District of Columbia as a violation of civil rights, which is a Jim Crow law that continues to be enforced by the District of Columbia against entrepreneurs and homeless people that were attempting to make a living in this way, to occupational licensing laws that arbitrarily restrict entry into professions, to government-imposed business monopolies like taxicab franchises that prevent entrepreneurs from getting into business.

We are systematically identifying these barriers. There are thousands of them around the country. And we will be using Title VII of the Civil Rights Act of 1964, the Sherman Act, the 14th amendment, and our ultimate goal is to overturn the pernicious *Slaughterhouse* case, an ill-advised and erroneous decision of the Supreme Court in 1872 that held that economic liberty was not protected by the privileges or amenities clause of the 14th amendment. *Slaughterhouse* is what *Plessy v. Ferguson* was in the area of racial discrimination, separate but equal. We will do what it takes, take it 5 years or 50, to overturn that decision.

The second area is educational choice. If there is one institution in America that has done more to suppress the ambitions and the talents and the human capital development of minorities and the poor, it is the public educational monopoly, and peripheral reforms have simply not been enough. We hope to pursue, as a matter of civil rights, the ability of individuals to choose the education that best suits their needs. We are opposed to the socialized system of education as it exists in America, and we want to give minorities and the poor the same power that people with greater resources have, and that is the power of educational choice.

The third issue is emancipation from welfare. The welfare system today is the new plantation. It holds people hostage, and it is now getting to the point where it is a perpetuating problem from generation to generation. It is sometimes difficult to find cases in this particular context that can be addressed through litigation, but one area upon which we are focusing is the very exciting concept—and I am pleased to say it is a bipartisan issue—of urban homesteading, turning over low-income housing projects to the people who live there and the people who have an interest in running them well and ultimately owning that property.

I am pleased to say that our partners, the National Center for Neighborhood Enterprise, recently succeeded in turning over the very first such complex to its owners at Kenilworth Parkside in Washington, D.C. The results are staggeringly optimistic. Crime has been reduced. Welfare dependency has been reduced. Employment has been increased. The drug dealers no longer prey on the residents. And, most importantly, the residents of those developments have new pride and new hope and new control over their lives.

There are a number of government bureaucrats who are doing their best to stifle the efforts and now the statutorily created rights of these tenants to manage and own their developments. We are working in five potential test cases to ensure that these people have the opportunity to manage and ultimately own their public housing developments—as exciting an opportunity for the 21st century as homesteading was in our nation's history. And I think we'll see the same rich rewards as a result.

The final issue deals with the most fundamental of civil rights, yet one of the most overlooked. Government exists primarily to protect people's lives and their liberty. Personal security is the very justification for government. Personal security is the most fundamental of civil rights, and it's been overlooked in recent years.

In 1948 President Truman's Committee on Civil Rights identified four systemic civil rights violations that existed in America. Three of those have largely been cured through legislation and law enforcement. The fourth is crime, and it is a worse problem today than it was before. Yet, so many times we focus exclusively on the civil rights of criminals rather than the civil rights of people to be free from crime. And in that equation there can be no question as to which is the more fundamental civil right.

We are working with victims' rights organizations. We have filed a brief in the Supreme Court on a victim's rights case that is presently before it. I would urge this Commission to take a look at what can be done to change the criminal justice system to recognize the fundamental individual right to be free from crime and to see what we as a society can do to honor that commitment which has not been honored.

That is a very quick overview. I think, again, it is a different sort of agenda than we have had in recent times, but I think it is a highly practical agenda that speaks to real barriers that affect real people. We intend to commit ourselves to those objectives and hope that we can have as a partner the United States Commission on Civil Rights in looking at some of these issues and seeing what we can do to address them.

Thanks for allowing me to be here.

CHAIRMAN ALLEN. Thank you very much.

Let me interrupt our order, because I know you have to leave, to inquire whether there might be one or two questions from the Commissioners before you do that, because Mr. Bolick won't be here when we get to the question period.

Go ahead, Commissioner Friedman.

VICE CHAIRMAN FRIEDMAN. Clint, we have talked about this before, but so the record might show this and maybe ultimately whatever final report we put out, I wonder if you would address yourself to the political issue of taking these ideas out beyond what has normally been seen as the conservative agenda and invading the so-called liberal civil rights agenda, and how you view the possibilities of this as a consensus strategy for civil rights in the coming years.

MR. BOLICK. I think that the prospects for consensus are good if the present civil rights groups want to prevent themselves from becoming obsolete. I was both dismayed but heartened that this year Benjamin Hooks of the NAACP for the first time recognized—well, dismayed that it was for the first time but optimistic that it finally occurred—that the problems of crime and the problems of the underclass or, as he unfortunately referred to it, the so-called underclass, are in fact problems that demand the attention of the NAACP. And I hope there is an allocation of resources committed to that goal by that noble organization.

In various areas, I think there is some real movement for consensus. For example, the Lawyers Committee for Civil Rights Under Law has, I understand, initiated its own occupational licensing project, and I, for one, would be interested in working in tandem with an organization like that to achieve our mutual goals.

In other areas, for example, freedom from crime, I have seen *amicus* brief after *amicus* brief filed by more liberal organizations defending criminals' rights and almost never, actually never, defending the rights of people to be free from crime, and I am very dismayed by that.

I am also dismayed by the uncritical support of the public educational system by many of the older civil rights groups, and I wish there was some real cynicism there. I wish there was not a hostility to the free enterprise principles that can be applied very successfully in the educational context. We could not have a worse system than the one we have now, and we have proven that money is not the solution.

Vice Chairman Friedman, I cannot say with certainty whether there can be some consensus, but one thing I will say—and I think you and I probably agree on this—conservatives have been shamefully absent from the civil rights debate in a positive way in the last several decades. And the formation of the Civil Rights Center that I head is a mea culpa on that. We deserve to have gotten battered on civil rights issues over the last 25 years because all we were doing was saying no, and we were not acknowledging the fact that there are very real civil rights issues in the society that need to be dealt with. And if we disagree with the solutions, I think we are under an injunction to come up with our own, and that is exactly what we are doing.

COMMISSIONER DESTRO. I have one question. My only question—and I'll address this to the rest of the panel members, too, when it comes your turn to speak. Eventually, at the end of this process, we are going to be faced with the prospect of coming up with recommendations for legislation and executive action. I see your tack as being the more traditional, using lawsuits to break things open.

What might you suggest along the lines of legislation or other recommendations for executive action— and the Civil Rights Commission has got to be suggesting things that look like traditional civil rights kinds of things but have this other oriented spin to them. This is an issue that has split the

Commission over the last 4 years as to what the crossover between civil rights and social and economic policy is.

Mr. Bolick. Well, I would recommend two specific pieces of legislation. One would be an economic liberty act or an economic liberty civil rights act, which I proposed in my recent books, *Changing Course: Civil Rights at the Crossroads.* This law would be a Federal law that would guarantee the right of individuals to pursue economic and entrepreneurial opportunities free from arbitrary or excessive entry or business regulation. I think that Title VII of the Civil Rights Act could be amended to include such a law, or it could be an independent piece of legislation.

This would give individuals a tool to ensure, when there is legitimate public health or safety legislation passed with respect to occupations, that it is limited to achieving those public health or safety objectives and is not simply a sledgehammer piece of legislation that wipes out entrepreneurial opportunities, as so many of these laws are, and so many of them in fact are driven by the affected industry itself to preclude competition. That, I think, would be a vital piece of civil rights legislation.

I would also note that the civil rights acts passed after the Civil War were primarily aimed at ensuring economic opportunities for the emancipated slaves, and the guarantees have fallen by the wayside in the interim. So this would be a rediscovery of the civil rights initiatives of that era.

I would also urge an educational opportunities act that spoke not only to ensuring an educational opportunity in a public school but an educational opportunity that included a component of choice. I would encourage this Commission to explore that possibility as well.

Chairman Allen. Thank you, Clint Bolick.

I want to make two very brief observations rather than to ask a question, and then we will go on.

I was reminded, as you spoke about those new and old barriers, of the comment made by Mr. Green of the Ivy Leaf School yesterday when he described the contributions of Afro-Americans during the Reconstruction period in the establishment of free public education, and of course the great irony associated with that work was that the establishment of free public education is what facilitated so grandly the Jim Crow regime throughout the South, which is a way of saying that there are always two sides to these questions and we always have to be very careful how we review them and what we expect the results of our remedies to accomplish.

The second observation has to do with your discussion of what conservatives have done for the last 25 years. As you made your comments, I was tempted to invoke the old Lone Ranger and Tonto joke, "What do you mean we'?"

[Laughter.]

But in any case, thank you.

Mr. McGruder.

Statement of Kevin McGruder, Program Director, Local Initiatives Support Corporation, New York

MR. MCGRUDER. The Local Initiatives Support Corporation is a nonprofit lending and grant-making organization. It was started in 1980 by the Ford Foundation as a special project. It is now a totally independent organization. Its purpose is to make loans and grants to nonprofit real estate development organizations across the country. We focus on those organizations, community development corporations or CDCs, for several reasons. We feel that nonprofit organizations can help to build a community because they have the closest ties to a community. This goal is to help nonprofit organizations build their assets, control more community property.

We have another goal of increasing nonprofits' management skills, and also increasing the private sector's involvement in nonprofit development, in neighborhood development. One of the ways we do that is by the fundraising strategy that we have. I am the program director for our Cleveland and Newark, New Jersey, programs, and what determines where we go is the willingness of local corporations and foundations to match our money. We get money from national organizations, from the Ford Foundation and from several other large corporations, and we use that money to match local dollars. That money then is used to form a revolving loan fund. We use that fund to make loans and grants to nonprofit organizations that are doing real estate development projects primarily.

We are currently in 20 areas of the country. Since 1980 we have raised over $230 million from over 500 foundations and corporations. That money has been used to build or renovate over 15,000 units of housing by nonprofit organizations. It has also been used to either build or renovate over 4 million square feet of retail office or industrial space.

Going back to why we focus on CDCs or community development corporations, as I was mentioning, we feel that they have a good knowledge of their community. They are right there. They know what it needs. They have a good understanding of what is going to be happening. They also have a long-term commitment to the community. They are interested in staying there and in making that community a stable community.

Nonprofit organizations—a typical community development corporation for those who might not know about them—a lot of times they form out of a volunteer effort. There might be a building in a community that is an eyesore, a major building that people have organized to get something done with it. Often, it's owned by the city.

A nonprofit organization many times can get that building easier than a private developer could because of their political ties and because of the grassroots nature of the organization. Usually what happens is that they will organize around a particular project, get a success either in getting a property renovated, maybe indirectly use that success to build funding support either from foundations or corporations and city government to cover their operating support, and then they will come to organizations like LISC for future projects.

A typical LISC project that we might support might be a 10-unit apartment building that a nonprofit organization is interested in developing. LISC's role might be to provide that organization with a loan—let's say one-third of the total development costs. We would encourage that organization, in addition to coming to LISC, to go to banks, to go to foundations in their community, and to go to the city government for the other pieces of that funding.

Our goal is to give those other funding sources some confidence in the nonprofit organization so that they feel that that organization can get that project done. The way we provide that confidence is really through our program staff. As a program director, my role is to work with the organizations, look at the projects they are planning to do. It's not a situation where they come with a project, and we say yes or no. We work with them closely, making sure they analyze whether the numbers are going to work.

We are making loans. One of the primary reasons we make loans is because we feel if an organization knows they have to pay the money back, they're going to look at a project differently than if it's a grant. And we found that to be true. When LISC was started, there was a lot of skepticism about whether nonprofit organizations could repay loans. We found that not to be the case. Organizations can repay loans. We have a very low default rate. And organizations, if they are able to look at a project carefully and put together the other funding sources, are able to do projects.

In terms of the civil rights context in nonprofit organizations, LISC's perspective is primarily on real estate development organizations doing housing. Probably three-quarters of what we do is helping organizations to do housing development. The remainder is for commercial development, often shopping center projects that nonprofits might be playing a role in, either as a partner or sometimes as the developer of projects like that.

But a key issue for us—and it relates to nonprofit organizations—is that if there is not a strong civil rights atmosphere in a community, that organization, the work they are doing, is just going to have to be repeated 10 years later or 20 years later. The main reason why they are renovating housing or renovating commercial space and having to get subsidies to do it is because the income of the people in those communities is not sufficient to support the development of housing.

And once that renovated housing is done, the only way it's going to stay renovated and that community is going to stay stable is that the income of people living in communities can be raised, that people have access to jobs. That is where the direct civil rights context comes in, that groups can develop all the real estate they want to, but it's just going to be a building unless people who are in that community have economic power to continue to maintain that property and to do more in that community.

I would guess that probably the two major obstacles that organizations are dealing with on the neighborhood basis—and it's not just nonprofit organizations. The atmosphere in general is that the people who are in communities need to have access to jobs for which they are qualified. The people who are not qualified need to get training. The people who might not be qualified and might not be interested in jobs—something has to be done to help motivate them.

That's a tall order, to think that nonprofit development organizations can play a role in that or do all of it, and they can't by themselves. But there are nonprofit organizations that are starting to do some things in their community beyond real estate development.

One of the key things that they are doing by their real estate development activities is creating an atmosphere that encourages neighborhood business development. There have been several studies in recent years that have shown that neighborhood businesses, small businesses, are the major creators of jobs in the community. By nonprofit organizations making the environment in their communities more stable, they are able to retain businesses that are in that community, and in some cases attract business to a community.

The other thing that organizations are doing is organizing merchants, and that really helps the merchants to feel comfortable that they are wanted in a community. Beyond that, organizations are doing commercial development activities. Some of those commercial developments—like shopping centers—result in jobs for people who are going to live in the houses that the organizations are renovating or building.

Another thing that nonprofit organizations are doing is really working to tear down some of the barriers to employment opportunities for people from their communities. One of the key ways they do that is by educating employers. A lot of times established nonprofit organizations have entrees to corporations or industries in their community that an individual doesn't have. They are able to use that entree by either informally making contacts within a business and asking, "Do you have some jobs available? If you do, we know some people who need jobs," or more formally by establishing job banks. There have been several organizations that have done that, where they work with businesses and let those businesses know, "If you have a job available, you come to us. We will do your prescreening for you. The people who we send to you we have confidence in and we will stand behind." And that in itself tears down one of the barriers to employment for some people in neighborhoods.

Some of the other things that need to be done have been discussed earlier today, and they are really broader than the neighborhood focus. A nonprofit organization dealing in an area that has a depressed economy—there is only so much they can do about that. Or a nonprofit organization that is dealing with corporations or industries that are not really adhering to the civil rights laws—the nonprofit organization can play a role in organizing to make people aware that that needs to be done.

But they need backup, and that backup is enforcement—enforcement of the civil rights laws. And it goes beyond enforcement. It is sending out a signal on a national basis to businessmen that this is not something you do—like was said earlier, you don't do this because it's nice and it's good; you do it because it's important to your business, and it's the law. That's the kind of backup that nonprofit organizations need to have if their communities are going to be stable.

Another thing that is important—and I guess it's a little ironic—at least my observation is when you look at nonprofit development organizations, I think one of the things that we also need to do is look within our own organizations and clean our own houses to some extent. Sometimes there is a situation where organizations think that because they are doing good, that automatically translates into the fact that they are doing good for their own employees. That is not necessarily the case.

I know in the cities I've worked in—Cleveland, Toledo, Philadelphia, and to a lesser extent in Newark—the nonprofit development organizations a lot of times, even though they are in minority communities, are not led by minorities. I'm not saying there is any conspiracy or anything like that, but I think what needs to be done is there has to be a definite recognition of organizations that are doing community development to make an effort, just the same as corporations do, to make sure that minorities are encouraged to get into the field, and that there is a system within that organization that encourages minorities to get in and stay in there.

It is a supply and demand issue. The supply—looking at that side of it, a lot of minorities don't even know about the nonprofit field. And for those who do, there are some obstacles to getting into that field. When they are comparing a career in nonprofit development to a career in the corporate world, it takes a balancing act to do that. I know from personal experience, having spent my career in this field and knowing the reactions I get when I tell some of my friends from business school what I'm doing, that is an obstacle that has to be overcome if minorities are going to be encouraged to get into that field.

On the demand side, that's really where organizations have to have a system in place saying that, "This is a goal of ours to have minorities here on our staff in leadership positions, and this is how we're going to do it"—that good intentions are fine, but that doesn't produce results. There has to be something within nonprofit organizations, just as within for-profit organizations.

I would say some of these observations come from looking at LISC in general. In our organization, I think, the same is true for us. We have a program staff of about 40 people. About 20 percent of them is minority. When you look at a corporate situation, that sounds high, but when you look at the number of communities that we serve that are minority, it's not. I know the intentions are great, but we have to get beyond that and do more.

So in general those are the types of things that I think are very important. If neighborhood development is going to be lasting, there has to be an attention paid to giving people who are in communities access to the work force. And the things that have been talked about here and that the Civil Rights Commission is doing are very important for what nonprofit development organizations are going to do, if their work is going to be successful in the long term.

I would add also that nonprofit organizations, in addition to looking outward, need to look inward at the same time and make sure that their own houses are in shape.

Thank you.

CHAIRMAN ALLEN. Thank you very much.
Mr. Lewis.

Statement of Landon H. Lewis, Jr., Vice President, Urban League of Greater New Orleans

MR. LEWIS. First, I'd like to take the opportunity to thank the Commission for extending me an invitation to appear before this body.

I am vice president for economic development and employment with the Urban League of Greater New Orleans. The Urban League affiliate in New Orleans has been in existence now for 50 years. What we have evolved to in the last 50 years is toward economic development. We feel that economic development is the cornerstone for the development of many of the blighted communities in our city and State.

From that perspective, we have looked and tried to bring about some systemic change in government, trying to bring down the barriers and sensitize the policy makers to the barriers that are created that prevent mainly poor people from having access to economic opportunities.

One of the things we are doing currently in New Orleans is we are assisting public housing residents in the development of entrepreneurial activities. More specifically, we have worked with the National Center for Neighborhood Enterprises in acquiring a grant from the Urban Mass Transportation Administration to develop a small transportation business. The purpose of that business is not only to provide jobs for public housing residents, but it will also transport those residents to job sites and to training centers throughout the city.

But I guess the bigger question that has to be addressed—in preparing for this session, I had to look at some statistics, and dreadfully, there are some 32.5 million poor people in the country and about 8.8 million are African Americans. I read some statistics from the Physicians' Task Force on Hunger in America at Harvard University, and they report that 20 million Americans are chronically hungry on a daily basis. The United Church of Christ—their Commission on Racial Justice reported in 1987 that three out of five blacks and Hispanics live in communities that are host to uncontrolled toxic waste sites.

Each one of these statistics has a direct relationship to the economic crisis that poor people are faced with in America today. I think from a civil rights perspective we have to focus on the development of a policy that provides economic opportunities for poor people, for the underclass. What has happened in the past is civil rights legislation and affirmative action mandates have been good and have allowed some minorities to achieve economically, politically, and socially, but there was a gap, and through that gap there is an expansion of the underclass.

The underclass are normally those folks who are the right age to work, who are physically able to work, but in most instances they lack education or their education was inferior. They are underskilled or unskilled. They have no income. Consequently, they lack access to job training programs that will get them into the labor force.

We would like to see policy that, one, would be in the realm of affirmative economic action. Very often we hear from corporations who say, "We have a set-aside, a minority set-aside, to procure X products or procure a service." And then as they look through minority directories, they are unable to find blacks or minorities to satisfy that set-aside. One of the things we are promoting is that corporations then have another obligation, especially in poor communities, to develop, to assist in the development of businesses to satisfy whatever that procurement need is, especially if in fact it has to do with a product.

What we are seeing in America, the changing structure of corporate America, is a lot of the labor-intensive jobs leave the country. But we also realize that there is a great need for the rebuilding of many of our urban infrastructures, which is labor intensive. We need to see some policy that brings about funds that will allow for the infrastructures in our urban cities to be rebuilt.

In the area of environment, very seldom, if ever, environmental wrongs are viewed as a violation of one's civil rights. In many communities throughout the country, right at the industry fence line, there are often poor communities that are inundated with all kinds of toxins. What this does in a community is it causes a rapid deterioration of property; it also devalues the property. Consequently, if a person bought a home for $40,000, in lieu of his home appreciating with any improvements they may do, living in an environmentally unsafe area causes a depreciation, and consequently, the economics of that community are devastated.

This has not been challenged before under any civil rights act or movement or law. This is one perspective that I think the Civil Rights Commission needs to focus attention on because it is having a devastating effect on the economics of poor communities.

We are beginning to look at the privatization of public housing and asking ourselves if in fact the tenants or residents of public housing have a right to manage their properties when we see so often that the public housing authorities are most often designated by HUD as being in trouble financially or mismanaged. We are beginning to realize that a management program or an ownership program can work for the benefit of those residents.

As it was mentioned earlier, in Washington, D.C., Kenilworth Park, Timmy Gray is the resident leader, and they have made some significant strides in acquiring those properties, and it has also changed some of the attitudes of the people who live in those properties. We realize now that ownership of property changes the attitudes of people, and that is important, too, in the whole effort to transform any community.

Entrepreneurial projects—I touched on that a little earlier with the affirmative economic actions. It is going to be important that there be a partnership between the government and the private sector and community-based organizations in poor communities to develop enterprises that will allow those communities to hire people who ordinarily would not be able to get into traditional jobs. Community-based organizations are much more sensitive to the needs of their communities and thus are able to deal with some of the personal barriers that people have that normally prevent them from acquiring employment.

I think that the critical area today in terms of civil rights must be a focus on economic development. And there has to be creative and innovative ways that create jobs, that allow people to become self-employed, but most importantly there need to be incentives for corporations to move into those poor communities and assist in the development of those communities.

Thank you.

CHAIRMAN ALLEN. Thank you very much, sir.

Ms. Pierce.

Statement of Pat Pierce, Director, Opportunity Development Center, Vanderbilt University, Nashville, Tennessee

MS. PIERCE. Mr. Chairman and members of the Commission, it is an honor and a privilege for me to speak before you today and have the opportunity to participate in this very important forum. On behalf of the Vanderbilt University community, I'd like to welcome you to Tennessee, and I hope you enjoy the little memento that I gave you.

The topic of my presentation is access to employment for people with disabilities. Unfortunately, Americans tend to stereotype our fellow Americans with disabilities. These stereotypes are usually negative, devaluing, and they result in discrimination against people with disabilities. The behavior is often shown as the unwillingness of employers to hire people with disabilities. I believe that attitudes can be changed and certainly improved if we would focus more of our attention on the accomplishments of people with disabilities rather than looking at just their disability.

I'd like to give you some examples of people who are outstanding who had disabilities who are well-known in your history. You may not be aware of this, but Beethoven was deaf when he conducted the Ninth Symphony. President Woodrow Wilson had a disability. He had a learning disability. Albert Einstein had a learning disability. And Sarah Bernhardt was an actress who had her leg amputated and still she became one of France's most outstanding actresses. So there are a lot of people—and that's just a small example—in our history who have made outstanding contributions even though they did have a disability.

The employment needs of people with disability in our country is not being met today, even though people with disabilities have shown and proven that they can perform job duties as well as individuals who do not have disabilities. I refer to a survey that was done in 1985 by Lou Harris & Associates that indicated that 62 percent of the disabled population who are of working age are outside the labor force, even though they made indications, the majority of them, that they would like to work. The report found that disabled Americans are much less likely to be in the labor force than any other demographic group under the age of 65.

In 1986 there was a followup survey of employers throughout the country to find out what employers were doing to encourage the employment of people with disabilities. The survey found that 37 percent of the department heads and managers rated their disabled employees as excellent employees; 64 percent rated their performance as good. And the report indicated that the majority of the managers say that disabled workers are as hard workers and, in most instances, even better workers than nondisabled employees.

One of the issues that comes up when people talk about employing handicapped persons is the cost of accommodations. This report indicated that the cost of employing a person with a disability is about the same as employing a nondisabled person, and that a large majority of the managers said making accommodations for people with disabilities is not expensive at all. The types of accommodations are very limited, and most of the time, if there is a need for any special assistance, that is available in the community from community agencies.

Currently, disabled people are not protected from discrimination in employment unless the employer is a Federal contractor, getting money from the Federal Government, and they are covered under 503 of the Rehabilitation Act of 1973. Under that regulation, Federal contractors are required to actively recruit and hire qualified handicapped persons, and there are specific requirements that ask the employer to do certain things in their employment process to ensure that qualified persons are allowed to work in that particular operation.

Passage of a new bill that has been introduced in Congress, entitled The Americans with Disabilities Act of 1988, could have a dramatic impact on eliminating the inequities that disabled people face in employment. The bill was introduced in April of this year. It has gathered support of at least 92 representatives and has probably gotten more support today.

It says that employment discrimination will be prohibited. It also covers discrimination in housing, public accommodation, transportation, and communication. These areas are really not addressed by any other Federal regulation as far as protecting people with disability from discrimination.

I believe that the disabled employee is one of the most untapped resources in the country today because it has been proven that just about any job you have in a particular business can be performed by a person who has a disability. We need to make sure that the greatest number of people in this country have an opportunity to benefit from affirmative action and equal opportunity. In order to do that, employers must open their doors and recognize the needs of the disabled population.

I want to give you some examples of some strategies that we have developed at Vanderbilt to encourage our supervisors and hiring officials to hire people with disabilities on the campus. I hope they can serve as a model for other employers to understand that it takes specific result-oriented programs and activities in order to bring about success.

First of all, it is very important that the employer establish a very positive policy that states from the very top that this is an important program for the employer. We have a policy statement that was issued by our chancellor and has been distributed throughout the campus and is posted, and our own poster that we developed throughout the campus that says the university is an equal opportunity employer, and that does cover disability issues.

Another poster that we have posted throughout the campus says, "Don't close the door. Open the door to a person's abilities." And this was a poster we published with the mayor's office for handicapped persons in the Nashville community.

We have an established written affirmative action program that designates all the particular programs that we're going to go through during the year to enhance the employment of people with disabilities. All of our hiring officials and supervisors are given a copy of that so that they know what their responsibility is in assisting us in communicating this program. It is not possible for one person to contribute to the success. It takes everyone's effort. And the plan designates what our programs are going to be for the year.

We have developed what I call an advocacy program here in our office. The Opportunity Development Center works with the personnel office in identifying community agencies who refer applicants to the university who have disabilities, and these are qualified applicants. Our personnel office sends those applicants out to the hiring officials, and an individual from my office serves as an advocate for those persons, calling the departments, talking to the supervisors, and encouraging the employment of people with disabilities. We have found by adding this additional step to our personnel function that it has doubled our number of disabled applicants that have been employed at the university.

We held a special program with community groups. We invited agencies to come into the university and to meet the hiring officials on the campus and to talk about the types of clients they were referring to the universities, the types of specific skills that they had, and encouraging them to give information directly to the hiring officials. Then the hiring officials talked about the types of jobs they had in their areas, talked about the skills that were important. And by sharing this information, we were able to give a better understanding of what the community agencies were doing, the types of clients they were referring, and what the university was looking for as far as the various positions that were open. This is a program that we are going to sponsor on an annual basis.

Education is extremely important, and particularly in an educational institute we emphasize the importance of this. So we have developed numerous brochures, and I have given you a copy of those. I have also left copies out in the lobby area for those individuals in the audience who would like to see copies of those. These brochures talk about the types of programs that are going on on campus. The "Interviewing and Hiring People with Disabilities" brochure talks about what the university's policy is, and it talks about Federal law. It answers some specific questions in the interviewing and hiring process that most often come up, and it encourages our supervisors to employ people with disabilities.

Another brochure is our resource brochure that is available for students and faculty and staff, identifying the resources available in our area for people with disabilities in all the areas on campus, identifying the person and a phone number that they might contact if they need additional information.

Another brochure—and this is our most recent brochure—"How and When to Discuss Disabilities," was designed to be a guide to the appropriate language to use when addressing a person with disability or when talking about the person with disability. We have found that one of the issues on campus is that people are uncomfortable talking to a person with disability or knowing the appropriate language to use when addressing an individual with disability, and we hope this will serve as a means to make people more aware of how important it is to use the appropriate language.

We have a newsletter that we publish on a quarterly basis that includes a lot of articles and updated information on what is going on in this particular area.

And then we have another program that I'm going to tell you a little bit about, too. This is a brochure about the program. It's called Project Excel. This is a special program that we have organized and developed through the State of Tennessee Rehabilitation Association. Vanderbilt is the only college in the State of Tennessee that has a program of this nature.

The program identifies people who are qualified under the State rehabilitation services program, and they are referred to Vanderbilt for specific jobs. Our office works with our personnel office to assist those individuals in getting those particular jobs. They have special assistance, if necessary. All the accommodations are provided by our office and by the State, and job coaches are also available to those individuals who might need additional assistance. And the evaluation process helps them through the initial probationary period to ensure they have every opportunity to successfully complete that particular position.

It is important to make special efforts to recognize and bring attention to disability issues in your particular area. On campus we try to make sure that our media picks up on particular programs that are going on. For example, we built a ramp into one of our buildings and we had a ribbon-cutting ceremony, and that brought attention to the fact that that ramp is another access area for people to use to get into that building who had not been able to get into the building before.

We also make a special effort to identify in our publications the accomplishments of people on campus who have disabilities. We involve faculty, students, and staff in an annual awareness program that offers assimilation programs where we give people a disability and ask them to go through the day with a disability so they can experience it, and that has been very helpful in bringing about awareness.

One issue that we have also felt is important is recognizing people who have contributed to our efforts. We have established an awareness program annually to give awards to people who have contributed to affirmative action on campus. Those awards are presented by the chancellor of our university, and four of those awards include a cash award. So the person gets a certificate and is recognized throughout the campus for contributing to our affirmative action program and in promoting opportunities for people with disabilities.

There are numerous other activities that we have taken on, but I wanted to just give you some examples of programs that employers could develop. It is important to ensure that there is attention given to people with disabilities coming into the community. We are a major employer in the middle Tennessee area, and we accept thousands of applications per month. Many times our personnel office is inundated with a lot of information, and we find it's very important to have someone to specifically assist people with disabilities who come through so they are not lost in the shuffle of all those applications. And by giving that special attention to individuals, we have been very successful in increasing the number of people with disabilities on the campus.

I would like to end by making a statement about some suggestions to the Commission in this area. I think it is extremely important that you have included this issue in this forum, and I hope that you will include issues of disability in your other forums throughout the country. And I'd like to encourage you to discuss these issues with the major disability advocacy groups that we have in the country—and there are a number of them. I'm sure there are specific issues that they would like to suggest that you address.

I think it is very important that the Commission support the Americans with Disabilities Act. This bill will provide equal opportunities to disabled people in employment from employers who do not get money from the Federal Government. It will cover employers with a certain number of employees. And I think that is extremely important.

I'd also like to ask you to encourage the enforcement of 503 and affirmative action for people with disabilities. I don't believe enough attention has been given to this particular regulation, and I'd like to encourage you to seek further enforcement of this regulation.

Thank you very much.

CHAIRMAN ALLEN. Thank you, Ms. Pierce.

Now let us hear from the dean of work force development administrators in the Southeastern Region, Mr. William Walker.

Statement of William "Sonny" Walker, Vice President, National Alliance of Business, Atlanta, Georgia

MR. WILLIAM WALKER. Thank you, Chairman Allen and Subcommittee Chair and Commissioner Destro and other Commissioners. Thank you for your invitation to both submit the written testimony as well as to provide some brief oral comments. From the looks of my watch, it's going to be very brief if the other Mr. Walker is going to have any time, because I know we are running short of time.

I certainly agree with your theme, and that is that the perspectives on civil rights are changing. Our nation is changing; our world is changing. And I am very grateful, as one of your presenters, as I'm sure all of us are, for your attempts to keep pace with that change. I think the way you do that is to hear from people with varying degrees of experience and opinions, and I guess I'll add mine to it.

My primary interest is basically what you see. I'm an American-born black male. My primary interest is, and my emphasis today, I think, will be on what I consider to be our nation's most maligned, victimized, and handicapped American, and that's the black male American, born in America.

I have just a few things I want to say that come from my prepared text, and I hope that it will be read because I think the significance of the landmark civil rights legislation of the sixties, which we held so dearly, will certainly lessen if the net result is not a sustained, generational improvement in the economic conditions of blacks until some sort of parity is achieved with the majority, and racial differences become, in my term, nonremarkable.

I believe civil rights legislation has two ends: first, to stop oppressive treatment of its victims; secondly, to bring them to full citizenship by enabling their access to the economic, political, and social mainstreams.

You have heard a lot today about economic development. I chair the Economic Development Task Force of the National Conference of Black Mayors. I happen to think economic development is a term that is kind of common to us in the black community. White folks talk about industrial development, and we talk about economic development. And I think they probably are two different things. I wish we could have a reinterpretation or redefinition of what it really means.

In theory, civil rights legislation gave blacks the status, so to speak, of newly naturalized citizens, an opportunity to lead fuller, freer lives. But I think we err if we compare the prospects of blacks in the last quarter of the 20th century with ethnic groups who poured into America willingly over the last 150 years. Detailing the many reasons such a comparison does not hold is beyond the purposes of this paper or my time. For example, color bias obviously was not a problem for Caucasian immigrants.

But let's look at the changing economy, which obviously you recognize as a Commission. A main difference in the lack of parallel between blacks naturalized in the sixties and earlier immigrant groups lies in the changed economy, in the requirements of the modern-day workplace. Mechanization and technology have removed vast numbers of jobs that provided a solid first step on the up-escalator for European immigrants. They found good jobs in industry that favored brawn over book learning, jobs of a kind that are no longer to be found in large numbers. Dramatic evidence of the changes that have taken place at the workplace can be found in the large numbers of heretofore well-paid, long-employed workers who, upon dislocation, find themselves needing basic education courses to become employable again.

It is important that all understand the nature and the rapidity of the changes that have taken place in the American economy in order to appreciate the exceptional difficulties blacks and other minorities face in their struggle for assimilation into the economic mainstream. A few statistics will help to bring these changes into focus—and let me just cite a few. As recently as the early seventies, the United States manufactured 47 percent of the world's steel—the figure now is less than 20 percent; 70 percent of the world's autos—now it's 29 percent; 90 percent of all radios and 50 percent of television sets—now it's approximately 6 percent combined.

That shift that has marked the past decade and a half, from an economy based on manufacturing to one based on information and services, is going to continue. Between now and the year 2000, 95 percent of the new jobs will be in the information and services sector, and you've heard it, just 5 percent in manufacturing. The computer is rapidly replacing the hearth and assembly line as a symbol of America at work.

The present era of economic change will not likely settle on a plateau, on a position of relative stability. We are now in a highly competitive world economy in which our leadership position and market shares are going to continue to be challenged. There is no basis for a belief that the economy of the United States is foreordained to continue a perennial, dominant position because we have something special called American know-how. That was and is a myth. The faster we dispel the myth, the better off we are. Knowing how is not a matter of nationality or geography; it is a matter of education and training, of learning how. All around the globe, other nations are learning how. We must run scared in what will be continuing and accelerating economic change produced by a constant flow of technological innovation. Jobs and skill requirements are being redefined at an ever-increasing pace.

You will note that my paper goes on to talk about the changing demographics and the labor force, and you hear those all the time from various studies. The gentleman earlier talked about the Labor Department, and they have done it. But I would simply conclude, in order to save some time for the other Mr. Walker, by saying that the white male America is at a point now where it needs the black male, and it needs the black male in a substantive way—not to fill its prisons, not to be victims of constant recidivism, not to be the victims of stares when you're around and somebody assumes you're going to commit a crime. It really isn't good for the ego.

We live in a society that is kind of based on recognition and self-worth and ego strength, a feeling of somebodyness. And I would like to see the Commission, in addition to your activities in litigation and enforcement, maybe not just totally emphasize that, but I'd like to see some increased emphasis on education and public awareness and recognition for civil rights achievements.

We have a lot of firsts in 1988. You still hear us say, "The first black this" and "The only black this" and "The top black that." You don't hear that from many Americans, even immigrant Americans. There is very little of that. But yet we are still first. Congressman Gray the other day became the first leader in the House that's black.

And then, even further than that, there is still zero in so many areas. We have a significant absence of black role models in the workplace. Where there are significant role models, our kids are great. They are great basketball players; they are great football players; they are great baseball players; they are great singers and dancers. That's where the role models are. But that isn't where the bulk of Americans are going to make a living, and that's not where families are going to be supportive.

And I would call on the Civil Rights Commission to help us publicize honor, acknowledge and recognize significant black role models in the workplace, and not only those blacks who achieve but those who help them to achieve—those companies, those CEOs, those governmental agencies that do the things that I'm sure Dr. Thomas talked about, that help us bring about diversity in the workplace. Those supervisors who understand and will manage well diversity for achievement need to be recognized. And I think it cannot any longer be left just to the Urban League and just to the NAACP and just to the Martin Luther King Center and just to the Congressional

Black Caucus to recognize those kinds of achievements and rights.

I'd like to see a commission of our government, our country, our nation's government, begin to set up something similar to a Nobel Prize for civil rights and a Nobel Prize for achievement, and let the world know that the CEO of a major corporation is actually doing something. I think, for example, the world ought to know about Mr. Roberts of Navastar. But if you don't read *USA Today*, you don't know those things.

And I'm saying we need those kinds of role models for our kids. I believe if they had those, rather than the drug pushers and those who knock people in the head and those who rob and kill and steal, you'd see a different kind of black American, especially a black American male. And if you see a new kind of black American male, you're going to see some changing results for the black family in America. And if we see that, then Prime Minister Nakasone and other Japanese won't have to talk about how we're bringing America down, but we can help make America stronger.

I know I'm out of time. It's hard for me to say anything in 10 minutes.

CHAIRMAN ALLEN. You're doing just fine.

MR. WILLIAM WALKER. Thank you very much, and you have my paper and I have a lot more in it.

I did want to say something about education, but maybe there will be some time during the question-and-answer portion.

CHAIRMAN ALLEN. We'll be sure to give you a chance.

MR. WILLIAM WALKER. Thank you very much.

See, I did good by you, Mr. Walker.

[Laughter.]

CHAIRMAN ALLEN. So we come to Mr. Lee Walker from the New Coalition for Economic and Social Change.

Statement of Lee Walker, New Coalition for Economic and Social Change, Chicago, Illinois

MR. LEE WALKER. Thank you, Chairman Allen, and the rest of the Commissioners. It is a pleasure to be here to share my thoughts on the role of the nonprofit sector with respect to access to the economic mainstream. However, I must say, after listening to the panel this morning, I feel a little bit like the junior member of this team. The rest of the folks here are much closer to the knotty issues of civil rights than I am. Almost all of my time with the nonprofit sector has been as a volunteer and in the area of fundraising. However, my views are based on my time as a participant of the Montgomery bus boycott in Montgomery. I am from the State of Alabama. I participated in the riots of New York City. I've gotten myself involved in going to South Africa. And I think in terms of a conflict of vision, I've moved around on this issue.

Mr. Chairman, at my firm they have a saying that is very popular, "Four F's: first focus, be flexible, be fast and friendly." I'm going to focus on this paper and be fast here.

As I said, all of my time has been as a volunteer. I pay my mortgage by working for Sears Roebuck & Company, and I chair a nonprofit as a volunteer as a part-time effort. I am responsible at Sears for the national distribution of women's apparel, luggage, and shoes.

Two of the organizations I am currently working most closely with is the IAE Institute, which stands for the Institute for Athletics and Education at the University of Chicago where I am a member of the board. And the other organization, as you heard, is the Chicago New Coalition for Economic and Social Change.

The IAE is an organization within the Office of Special Programs at the University of Chicago whose mission is to work with black youth involved in supports at the junior high school level in order to make sure they are prepared academically to enter college.

Having said all of that, I bring to you today not an expert opinion but simply an outside opinion. My view is that of one who chose to independently look at how nonprofit community organizations may improve services rendered that impact on self-reliance, which is the basic root, in my view, to the economic mainstream during these changing times. My remarks will focus on minorities in general and American blacks in particular.

In my view, and based on my readings and research, there is probably no other ethnic group in America today whose economic and social conditions have been discussed more constantly and with greater despair than American blacks. However, as Thomas Sowell warns us, this is very different from saying that these discussions apply economic analysis.

The traditional role of nonprofit organizations has been to supply a socially desirable service without regard for financial gain. But, within the constraint of this basic service objective, some nonprofits charge fees to cover some or all of the costs of their services. Generally, these charges are associated with those organizations expected to be more or less operationally self-sustaining after the initial input of capital by its constituency. Thus, within the operational characteristics of nonprofits we have the basis for understanding the economic mainstream. The challenge, however, is to redirect some nonprofit organizations or include within the mission of these organizations a mindset change.

In my view, the insight—or my insight, of course—is encouraged by political and social reality. The economic, social, and political realities of the 1980s have made it clear, at least to me, that low-income minorities can no longer sullenly and hopelessly, as though the future does not hold brighter days, rely cynically on the endless largess of the budget of the Federal Government. Despite some programmatic failures and possibly low priorities in some situations, our approaches to community problem solving have shifted from a government mindset or public policy to a more economic or entrepreneurial strategy.

While this mindset shifts from a public or governmental approach, it has initiated an emotional and often fierce debate among blacks and other students of black life concerning the best strategies to improve economic conditions. This is altogether healthy, for we have at least opened the forum of discussion, and the better the wisdom concerning the future now has the opportunity to prevail.

The debate zeroes in on two basic strategies, I will argue, one political and the other entrepreneurial. This debate is not new. It has been dormant. Frederick Douglass, the acknowledged father of the civil rights movement, said over 100 years ago, "If we are ever elevated, our elevation will have been accomplished through our own instrumentality. No people that has solely depended upon aid from others ever stood forth in the attitude of freedom." It is in the spirit of Frederick Douglass that I address you here today.

The mindset change I am addressing is that which reduces excessive government dependency and moves toward a complete vision of self-reliance. For as Booker T. Washington said, "At the bottom of education, at the bottom of politics, and at the bottom of religion, there must be for black folks economic independence."

While this debate at long last is a debate whose time has come, again, it's not new. Traces of the self-help vision can be found dating all the way back to the tension between Washington and W.E.B. DuBois. Washington's fundamental thesis was that economic development held the key to black advancement in all other areas.

I agree with that view. The year will soon be 1989, and as we search for opportunities and practical solutions, I will argue that there is a quiet resurgence of Washington's vision of self-help. Even U.S. Civil Rights Commissioner Mary Frances Berry said on the David Brinkley ABC news show in 1986 that, "Both self-help and government programs must be partners of the solution to the problems of the ghetto."

Mr. Commissioner, you have my paper, and I will not go through the rest. But I think Commissioner Destro did ask us to respond with a recommendation to this Commission. My recommendation is that the Chairman of this Commission be elevated to Cabinet-level status and be a part of the domestic staff of the President's Cabinet.

I would like to conclude by saying that the nonprofit sector is also an economy, an economy made of career paths which include many minorities, blacks in particular, many of whom enter the private sector based on their experiences within the nonprofit sector, where they either go as entrepreneurs or into the Fortune 500.

I thank you, and I hope the next session in Washington is just as fruitful as your first two.

Discussion

CHAIRMAN ALLEN. Thank you very much, Mr. Walker.

At this point we will turn to the Commissioners. I will, however, ask them first to respect at this point the procedure of asking one question each and a single followup to the question asked in turn, and we will come back for further questions as time permits.

At this time we will start to the right. Commissioner Destro.

COMMISSIONER DESTRO. I think at this point I'm going to listen to the other questions, and I will pass, and if you wouldn't mind coming back, I'll then ask.

VICE CHAIRMAN FRIEDMAN. I thought with regard to the recommendation that the Chairman of this Civil Rights Commission be elevated to Cabinet status was an interesting idea, and I thought I saw my colleague on the left sort of twitching as you made that suggestion.

[Laughter.]

CHAIRMAN ALLEN. You perceived correctly.

VICE CHAIRMAN FRIEDMAN. I don't think it's possible, incidentally, because we have an independent status from the executive branch, but many of your other ideas were very good, as well as this one.

I just have one thought to raise with you. In many ways we have heard and will continue to hear many, many ideas advanced with regard to specific legislation or specific moves. In fact, probably in the course of three forums we will have had maybe 100 or 150 ideas.

I think one of the really important issues before the House and before America is the ability of various groups to come together with regard to a common agenda, and I was particularly fascinated by the testimony both of Clint Bolick and Mr. Landon Lewis in this respect, and that is that you both were saying many of the same things, but not necessarily coming together from the respective perspectives. Mr. Bolick is generally seen as a spokesman for a wing of American conservatism; and the Urban League, while it's seen as a moderate organization, is frequently tied into the established civil rights groupings.

I wonder if you have any thoughts with regard to how we might begin to learn to talk to each other and plan together with regard to the very, very common points, Mr. Lewis, that you and Bolick were making but coming from different perspectives. Is the Urban League, for example, prepared to enter into serious dialogue with the Bolicks of the world to come up with a new agenda for the 1990s, because you are saying many of the same things.

MR. LEWIS. I would say yes. I would say that we are prepared to sit with any organization, with any group, to deal with the development of an agenda for the next decade and the next century, because we have been involved in the whole arena of civil rights since the early 1900s, and we have been at every turning point. We have raised the issues at local levels, State levels, and at Federal levels. We have had dialogues.

One of the things that we do in New Orleans on an annual basis several times during the year is to hold public forums where we bring various perspectives into the room and sit down and discuss any public issue or any issue that may impact the ability of the poor to survive, especially the poor to survive.

I think that there is an absolute need for organizations with different perspectives on the same issue to come together and sit down and develop a common agenda. I think it is going to be absolutely important. I don't see how we can survive if we don't accomplish the development of a common agenda, especially with the expansion of the underclass. When you're looking at 32.5 million poor people in the country, when you look at African Americans and see that one-third of the population lives in poverty, it's a serious problem. When you look at the statistics from 1986 to 1987 when the economy was growing, you saw a 5 percent decline in poverty among whites and you saw a 2 percent increase in poverty among blacks. There is a serious problem. There is a serious hole in the safety net, and we need to have some dialogue that addresses it.

As Mr. Walker mentioned earlier, a very critical problem in America today is the black male. Right now I think 44 percent of the black male population in this country resides in prisons and are most often unemployed. That is a critical and serious problem in this country, and it has to be dealt with. But what we have seen with the changing structure of corporate America, the jobs are gone. That is an issue that has to be at the forefront.

CHAIRMAN ALLEN. I had the impression you wanted to address that question, Mr. Walker.

MR. WILLIAM WALKER. I certainly did, Commissioner Allen. When I was looking at my watch and was still on Atlanta time, I thought we were about through, and that's why I rushed.

CHAIRMAN ALLEN. You noticed I didn't correct you.

[Laughter.]

MR. WILLIAM WALKER. At the National Alliance of Business, we have recently completed fairly comprehensive interviews with human resources officers of major companies around the country as well as educators, and have come up with some startling figures.

I don't know if you had these or not, but if you take the 17-to-23 age group, which is the college age population in America, we have more black males in prison than in college. Twenty-five percent of black males who have reached the age of 25 in this country have never had a paycheck, never been able to pick up a check that they earned. That doesn't bode well for our country. Yet, we seem to still be satisfied to operate on a mentality of enforcement and put them in jail and convict them.

We've got to turn it around—not just for them but for America—because without this black male population, we aren't going to survive—I will go so far as to say that—we are not going to survive as a nation because we need them in the workplace. We need them to learn how to operate computers. We need them to learn how to read.

May I say that in our study only 20 percent of the tested 17-year-olds did a good or adequate job of writing a letter; that at a time when computer literacy is essential to a future in business, only 20.5 percent of students in grade 11 are currently studying computers.

Now, I'm not talking about just black ones. I'm talking about all. When you take that and you extrapolate the minorities from it, it gets worse. The general educational unpreparedness of our nation's youth for the work force is, as would be expected, really magnified when the readiness of blacks and other minorities is examined. The illiteracy rates are higher, test performance is lower, and the study by the Center for Labor Market Studies at Northeastern University and other analyses document the fact that below-average basic skills are to be found in socioeconomic groups which are poorer.

I said earlier I wanted to speak to the education thing. I have to take some issue with any testimony that even hints at the fact that money is not an important element in education. Now, I don't say that money will insure a quality education, but without it you certainly aren't going to have a quality education. And I have not ever been able to quite understand why money is the premier indicator of most other good things in America but is not needed for education.

Now, we have to have money to have a strong national security. Steinbrenner knows he has to have money to have a good Yankee baseball team. You can look at who pays and know who is going to be Super Bowl champs because it costs money to get the best. And the only way we're going to lure good teachers, good professors, good principals, administrators, good superintendents is to pay them.

It is also ironic, I think, that the schools that have the finest endowments are our top schools. It is not the schools that don't have any money. Emory is good because Mr. Woodruff and Coca-Cola ensured that it had a good endowment. And so is Yale and so is Harvard and so is Princeton. They are good schools because they've got money, and they can lure good people.

So I think we should stop doing harm to education by simply even talking about the fact you can't throw money away. We know that. But you cannot do it without money. Money gives you a better home; it ensures better clothing, better medical care, finer cars, better art—a whole range of things. Even the founding of our country depended on money.

I will stop with this. But some of you know the story of Columbus, 1492, who left not knowing where he was going. He arrived there, didn't know where he was. He went back and didn't know where he'd been, but he did it all because he had a grant from the queen.

[Laughter.]

CHAIRMAN ALLEN. Thank you, Mr. Walker. I want to assure you, you are not abusing us at all.

Commissioner Buckley.

COMMISSIONER BUCKLEY. I'm going to pass because being limited to one question is just too much.

COMMISSIONER CHAN. You mean I get the chance now?

CHAIRMAN ALLEN. You get the chance, Commissioner Chan. Of course, you realize you get the chance to come back again after we go around.

COMMISSIONER CHAN. One question for each?

CHAIRMAN ALLEN. One question and one followup.

COMMISSIONER CHAN. Unfortunately, I have three, but it's very important.

VICE CHAIRMAN FRIEDMAN. One question.

COMMISSIONER CHAN. One question? Okay, I'll take the most important one.

CHAIRMAN ALLEN. We'll come back around again.

COMMISSIONER CHAN. I'd like to echo Mr. Sonny Walker. May I call you Sonny?

MR. WILLIAM WALKER. Yes, please.

COMMISSIONER CHAN. He has a suggestion about recommending the Nobel Prize for civil rights.

MR. WILLIAM WALKER. Yes.

COMMISSIONER CHAN. Now, I personally worked for another presidential appointment on the President's Committee on the National Men of Science, and we give the American version of the Nobel Prize in science and engineering.

However, why I am echoing your recommendation, you probably know that the Civil Rights Commission can't even afford to mention it because we just had a budget cut in our Commission. But I think one thing that is feasible is we may, through our Commission, recommend to print some paper citations, to give it away, to make people notice that we appreciate your suggestions or your other contributions to civil rights.

I'm sorry my throat is tight because I am really moved on this thing.

I'd like to give you an example. I used to be a so-called civil leader in the Chinese community on the Chinese Welfare Council. So I put out some money to print some citations. It only cost $25 for me to print 100 real nice-looking ones. And I remember I gave one to the Lions Club. One year later I received a van from the Lions Club to help me to deliver goods to the elderly and so on.

So I think this may be a good investment for the Commission to print some paper awards, citations, not to mention the Nobel Prize which has some kind of monetary award to follow.

I have already presented my most important. May I have a followup?

CHAIRMAN ALLEN. You get one followup, yes.

COMMISSIONER CHAN. This followup is for Mr. Lee Walker.

In 1968 I used to work for IBM Corporation—a small company, you know—and I was sent to Huntsville, Alabama. I must have mentioned this because I know why I was appointed as a Civil Rights Commissioner because it dates back to 1968. I make a small dent on civil rights in Huntsville, Alabama. I came with a black engineer, one of my colleagues. We came together and we made reservations. So when we arrived at Huntsville, I'm in the middle of the town, nice hotel; I have no complaints. I find my colleague ended up in a motel at the end of Huntsville. I said, "Why?"

He said, "You know, I'm black."

I said, "That's no reason."

So the next day I made a reservation at the same hotel in the middle of Huntsville. Please remember this is 1968. And when I checked in, they couldn't find out whether it was a black or a nonblack from IBM Corporation. They took the room. And that made a big thing. The manager came over and talked to me while we were having lunch. I said, "OKay, Mr. So and So, do you want business from IBM?"

He said, "Da, da, da, da, I have to consider about it."

So I called up the IBM traveling and so on and put pressure on them, and finally they accepted the gentleman to stay in the middle of the town in Huntsville, Alabama, in 1968.

So one thing I'm very proud of is I learned somebody in Alabama—of course, you may have all seniority on civil rights before me, but it's worthwhile to mention it to you.

MR. LEE WALKER. Thank you. To me that falls right in the vision of what I call a self-help initiative.

[Laughter.]

CHAIRMAN ALLEN. Mr. Walker.

MR. WILLIAM WALKER. I just want to respond to Mr. Chan. I think he's right on target. I don't think this is a very costly thing. I wasn't talking of comparing it to the Nobel Prize in terms of the cash but just in terms of the status. I think a paper certificate would be fine. I'm sure there are lots of us that would volunteer to help you get contributions to achieve the cost.

The other thing I think it will do is something that obviously Mr. Friedman is quite interested in, and that is to have diverse groups come together. I think this is a tremendous opportunity for the Commission itself to come back together, and if you could do something like this, something on a positive note, I think Mary Berry could support it, and I believe that Francis Guess would support it, and all the other Commissioners would be able to support something like this because it's positive. It is not punitive; it is not trying to find out what folks are doing wrong. I'd like to really project individuals who are doing some good things, make them models, make other companies wish they had done it because the Civil Rights Commission acknowledged and recognized them.

And you can get recommendations from your SACs. I think that is a tremendous use of your State Advisory Committees to help you identify folks who are doing a great job in this area—

dealing with the handicapped, dealing with women's rights, dealing with a full range of rights.

You know, the President does a presidential citation for people who serve on private industry councils. Let them get some recognition. Have a state dinner. And if it's 30,000, invite them to the White House. It doesn't cost any money—not you any. It doesn't cost you any money, and the President can feed 30,000.

[Laughter.]

CHAIRMAN ALLEN. Very good, sir, thank you. It certainly is correct that there are numerous awards throughout the government, so the idea itself can't be ruled out bureaucratically.

MR. LEE WALKER. An example of what companies can do. We did a literacy thing. IBM paid for the layout, paid for the printing. We did this study on the things I told you about. Coca-Cola paid for it, the foundation. They'll pay for it. Just start out doing it. I'll get you the money.

CHAIRMAN ALLEN. Very good.

I have a question, which is shaped by one stark contrast in all the presentations we have had this afternoon. You have all generally talked about the same kind of thing, with the exception of Ms. Pierce. Most of you have talked about what I would call the problem, the economic difficulties that affect people, particularly in neighborhoods that are marginal, and therefore primarily a problem of resources, whereas Ms. Pierce still spoke of a problem of access more than a problem of resources, which is not to say that resources will not at some time be involved in that, but it is a different kind of question, the opening-the-door question, to the question of how it is you enable people to get through a door, open or closed.

One of the first things I reflected upon as I listened to Clint Bolick and then Mr. McGruder was the question of: Why nonprofit? Why not for-profit organizations? Why is it minority communities are saddled with so many nonprofit organizations and so few for-profit organizations? That's my question, but I want to give it a slightly different twist and then ask any of you to comment on it in responding.

Let me say first that I'm a skeptic about the underlying thesis of this afternoon's presentation—not about your respective presentations personally, all of which were quite fine and which I find highly interesting. I'm a skeptic about the connection between civil rights per se and the resource question as it is being presented.

I am also a skeptic about the underclass. Mr. Bolick referred to Ben Hooks' reference to it as a so-called underclass as an unfortunate reference. I think it's a fortunate reference myself because I have never bought the assumptions underlying the distinction, especially when the word "permanent" is put in front of it. I don't think there is a single person in those classes who is not in fact capable of taking care of himself and acquiring the arts and training required to enable him to do so.

So I know the statistics and I realize there are people who are not well educated and well trained, people who have come to age 25 without ever having drawn a check and the rest of it. But I cannot accept the argument that they have somehow been metamorphosed in this process. So I remain a skeptic about that. That is the starting point for my question.

Now, with that in the background, I want to know whether you really do believe wealth creation to be a civil rights problem and, if so, how you think it comes to be.

MR. MCGRUDER. I guess what I pointed out was that nonprofit development organizations are really dealing with symptoms. They are dealing with the symptoms of housing that is deteriorating; they are dealing with declining commercial bases. But the cause is the fact that people don't have money, don't have jobs to maintain their neighborhoods. I'm not saying all of that is civil rights issue, but part of it is. Part of the reason why some people don't have jobs is because they don't have access to jobs.

You mentioned why are these neighborhoods saddled with nonprofits rather than for-profits. I think in most of the neighborhoods where we are active, 40 years ago there were a lot of for-profits in those areas. There are nonprofits now because the activities that need to be done in those neighborhoods cannot be supported by just for-profit dollars. There have to be subsidies to make housing work for low-income people. A for-profit real estate developer is not going to develop housing for low-income people without subsidies of some sort. There are some who do get involved as partners with nonprofits, but that is not their business. Their business is to make money. That is why the nonprofits are in those areas now.

I think one of the things that LISC and other organizations are looking to do is to help those communities become more stable and attract more for-profits to those areas. That is what I was pointing out when I mentioned the nonprofit's role in attracting businesses, creating a more stable climate for businesses.

But I think the reality is a lot of those neighborhoods are never going to be what they were 40 years ago. They aren't going to have thriving commercial strips. They might get some businesses coming back, but it's not going to be 1940 in a lot of those neighborhoods again. Populations have shifted in different communities. But nonprofit organizations are trying to play a role in beginning to attract organizations back there. And for me, I just see they are fulfilling a need that is there. In the suburbs they don't need nonprofit organizations because the for-profits can do what needs to be done.

Your comment about the underclass—I live in Harlem, and all I have to do is look out my window and I see people standing on the street who are 15 years old not going to school every day. I don't know what you call them, but I think people who can't read and write when they get to be 25 are going to have a hard time fitting in anywhere. And as I see that not changing, there is a set of people who are going to be locked out, and I don't know how you get them back in.

That's what I was trying to get at when I said that part of the reason why people don't have jobs is because some people don't have the motivation to have jobs. If people can't read or write, they aren't going to be motivated to go to a job where they feel like a fool. And I think it is an issue. And no matter what you call it—I have a problem with labeling people like that, too, because once it's labeled it's there, and people say, "Oh, we can't do anything about the underclass," so they just leave them there. But people are there. It's a problem.

CHAIRMAN ALLEN. Mr. Lewis, you wanted to comment.

MR. LEWIS. The question of wealth—I think Mr. Walker dealt with that effectively. Everything is based upon wealth. The unfortunate thing is most of the wealth is concentrated among the wealthy. When we look at our economy—and I think that's another issue that is going to have to change in America if it is to live up to the ideals of democracy. It's going to have to deal with its old economic system. When you look at 1 percent of the households in this country controlling 35 percent of the wealth, which is I think about a 10 percent increase since World War II, and you see this proliferation of middle class and at the same time you have an expansion of an underclass, then there is a disparity in the whole economic distribution system. And therein lies a problem.

But the underclass has the connotation of permanency because those people do not have access to jobs; they don't have access to decent education; they don't have access to training. Some of the people who are going to be forced into the underclass and who have been forced into the underclass are people who were working-class people, people who fell out of grace when the steel mills left. They had a skill that is no longer marketed. And the problem is that nobody trained them for this new service high-tech-oriented economy. Therein lies the problem. And I think it's going to expand if, in fact, the country does not take the whole issue to task.

Chairman Allen. Mr. Lee Walker, I think you want to respond.

Mr. Lee Walker. Yes. Let me say, at the risk of being somewhat controversial on this issue, I'm not sure I buy into all of what I've just heard from my colleagues. In today's changing times, 1988–89, I will argue that unless civil rights organizations redefine their mission—economic development is not a civil rights issue in the sense and in the traditional definition of civil rights.

Having said that, let me say that I agree with a term that Bill Wilson at the University of Chicago has developed, the truly disadvantaged. I don't think being poor is something permanent. It is a situation. At the same time, I am not prepared to argue in 1988 that in spite of the statistics my fellow Walker here mentioned, if we brought back those companies or if you go back and examine the research during the time that General Motors was the world producer of cars, blacks were still below the poverty line.

So I'm not sure that that answers the question of why a 15-year-old girl is having a baby, and why her mother had a baby at 15.

In Chicago last month a black male raped a, quote-unquote, "middle-class black woman," forced her to have oral sex on a public subway with everybody looking. I don't know what white folks you blame for that.

Now, having said that, I don't want to indicate that I don't believe in civil rights. Yes, I believe in civil rights. But I do believe that we do have to define the terms we're using.

Let me share with you something out of school that a firm paid a lot of money for, that I think, Commissioner Friedman, zeroes in on what you're talking about. And I won't mention the name here, but it is one of the most prominent consulting firms in the country.

According to one study I've seen on social values developed by the private sector, since 1986 there has been a new system of values developing, and they are causing new decisions to be made in the marketplace.

> What is meant by social values are those principles which a society accepts as desirable. The study shows that we are possibly developing a system of new social values for the nineties. We have moved through the liberal to the conservative, and now it appears that a combination of the two will be the foundation for the new social values. This new wave will be looking for political stability, economic expansion, discipline, responsibility, stronger family relationships.

The study concludes with the view that there seems to be a recognition of missing community values.

Now, having said that, and as the person went through that, they were not discussing that with black folks or Hispanics or Asians in mind. They were addressing the issues of what every major company is about, trying to please the customer. And they were saying, "Mr. Lee Walker, if you view the customer out there today as you viewed them in 1960, you are going to continue losing a share of the market."

What I did in using my initiative is to apply that knowledge to the everyday problem that I am working with in my spare time.

Again taking the risk of being controversial, I would like to see all of the organizations get together, not only civil rights organizations—churches, banks, etc.—because if black folks move ahead, it's going to take black folks to do it. But having said that, I am still wondering when I hear national black leaders every year—and we talk about role models—describe us in such terms that if I were a young kid from Mars, I would wonder what I was hearing. Then I ask myself: Why are they saying this? Is the mission to raise money? Is the mission to be important?

I have discussed this with some of my friends, and they indicated to me, "Lee, name the 10 most important black folks in America. They all are related to the nonprofit sector."

And this is why I think, number one, I, again, strongly believe in the nonprofit sector because the nonprofit sector for minorities in particular is a career path that we are going to have to maximize more than before.

I am arguing for a mindset change. I am arguing for redefining the channel to find practical solutions.

MR. WILLIAM WALKER. May I speak?

CHAIRMAN ALLEN. Yes, you get your chance, too.

MR. WILLIAM WALKER. You know, you have to love America. Anytime a nation can produce two Walkers as diverse in their opinions as we are, it's a great country.

[Laughter.]

Let me say that I truly believe that wealth creation does have implications. It is a civil rights issue. I think wealth denial has been a civil rights issue for a mighty long time. And if wealth denial is a rights issue, then certainly on the other side of that coin then some sort of opportunity, at least, for wealth creation ought to be a civil rights issue.

We have just gone through in Atlanta, with the *Atlanta Journal and Constitution*, a series of stories about little ways, subtle ways, that black realtors have been denied access, other blacks in the housing industry. Now they talk about how we are systematically excluded from major law firms.

So on the negative side, it certainly has been a rights issue. And I don't think any American—and I've got lots of good, strong, red-blooded American white friends who tell me, "This is my right." The only thing missing is they don't say "civil." But everybody talks about their rights as Americans.

So maybe if we stop calling it "civil rights," Mr. Walker, and just say "my right"—

Mr. Lee Walker. I agree with that, Sonny.

Mr. William Walker. And I kind of agree with him on one thing, and that is I think we have to move beyond the nonprofit status. But the reason I think we've embraced it is because the nonprofit organizations have been our access. It's what we've had to rely on. We've had to rely on the NAACP; we've had to rely on the Urban League, because there was nobody else there, and that was what we could get money for. Ford isn't going to give you any money for a for-profit corporation. The Rockefeller Foundation is not going to give you any money. The government is not going to give you any money for a for-profit situation. So you get involved in something you can get money for, and that's why we have relied on it.

Mr. McGruder. Could I just say something?

Chairman Allen. Mr. McGruder.

Mr. McGruder. One other reason you don't see a lot of for-profits being formed is because when you look at how somebody starts a business and what they started with, they started with wealth. And a lot of times they go to their parents and relatives, and if you don't have wealth, it's very hard to even get started in a for-profit business.

I think that's the other reason why you just don't see that happening yet in communities, and that is why the focus is on the nonprofit side of things. Without the wealth, you don't have the resources to start a for-profit business.

Chairman Allen. I yield 60 seconds to Mr. Destro.

Commissioner Destro. I only have one comment and it is related to a question, but I'll save the question. That is that maybe one way to look at this is to just deep-six the whole notion of rights. I take this basically—I wish it were my idea, but it's not—from a paper that was given once upon a time by the late Professor Bob Covery at Yale who commented that in the American legal tradition, we always speak of rights as if they are trump cards in some kind of a legal game, whereas in reality what we are really talking about in civil rights is people's duties to each other.

What we've been talking about here is: What do you do? What are you supposed to do? In many respects, if we can get back to the question of what we are supposed to do for minorities, for disabled people, for whatever, it would be a much more fruitful discussion than to say, "What claim do you have on me?" What do I have to do as opposed to what should I do?

Chairman Allen. With that, I will follow up my question, which may have been forgotten, but it was a question. And I did want to make the observation on the question of wealth and wealth creation.

First, Mr. Walker, as a professor at a small college with a modest endowment but which nevertheless affects to be the finest institution of higher education in America, I must say that I do believe there are some distinctions to be drawn, and it's not simply the size of the bank book that determines the excellence. We at Harvey Mudd will insist on making that argument.

Mr. Lee Walker. What was the name?

Chairman Allen. Harvey Mudd College.

But I will certainly concede to you that money is relevant not only in education but indeed in creating wealth and other things. Yet, I wouldn't concede it completely. And this is my observation. It seems to me when we talk about the so-called underclass, we are not really talking about those people you see from your window in Harlem simply. We're talking about the whole idea of the United States. The idea of the United States is there are no human beings anywhere who cannot govern themselves. It's founded on that. It succeeds on that or it fails. And if we allow ourselves to begin to believe that there are people out there who cannot do it, for whom we must intervene strongly otherwise they fail, we have to recognize we also abandon the United States in doing so, that there are no principles left for us to appeal to.

So for me this is a very important matter, that when we say to them, "Yes, these 25-year-old men in prison, too, can do it. They can create wealth; they can govern themselves." And the real question is: Are we going to trust them to do it, and are we going to demand it of them?

Mr. Lee Walker. Mr. Chairman, don't you think everybody has somebody to intervene for them? I did, and I believe, sir, you did.

Chairman Allen. I'm not talking about relationships, Mr. Walker. I'm talking about our basic faith in mankind's capacity for self-government. That doesn't mean to say we don't live in families, we don't have friends, and we don't help one another. I'm not saying that at all. But I am saying we start out by recognizing that the help we can give to others will always be less important than what they can do for themselves.

Vice Chairman Friedman. May I come on this for a moment, please.

In our very first forum in Los Angeles we invited a man to speak to us named Ivan Light. He had written a book called *Ethnic Enterprise in the United States.* I was particularly fascinated by the concept he was developing as it relates to the discussion on wealth and Mr. McGruder's comment.

Various groups in the United States have found their trajectory toward economic progress and viability in a variety of different forms, and while wealth to some degree is involved, it is by no means the key issue. He describes in his book the patterns by which West Indian blacks, by which Chinese, Orientals, Jews, created systems of self-help, for example, the pooling of very, very small amounts of money so a pool of capital is created.

We are very much aware in cities across the country of rather newcomers to the country who have set up little vegetable stores, etc. You come from New York and you surely must see this.

The process of putting small businesses together may call for more than just the issue of wealth or even the issue of governmental forms of intervention. After 30 years in the strange world of civil rights, and recognizing the importance of keeping the pathways free so people can have an equal shot at the society, I am more and more convinced that Ivan Light and others have a piece of the truth, which is that there is going to have to be a dimension to this issue in the coming years that has to do with the ways in which disadvantaged people, discriminated people, etc., organize themselves and pull themselves together in spite of all these limitations to begin to make it within the system I have just described.

Chairman Allen. Let me have Commissioner Destro ask his question and you can respond both to him and to Commissioner Friedman.

Mr. William Walker. I'd like to, too.

Commissioner Destro. I'd like to change the focus just a little bit but address the question primarily to Ms. Pierce, and then ask Mr. Walker to comment on it in relationship to the problem of black males.

That is, it seems to me, as one who has been interested in the development of disability rights law for a long time, that the community of people with disabilities is a paradigm, almost, of where civil rights and economic issues cross. Because it is not sufficient just to say, "Okay, you can come into the building," because if there is no ramp, some people are not going to be able to get in.

When we talk about the number of young black males who, for one reason or another, have been left out, one could argue that they are simply disabled by environment, that their disability was not as a result of genetic things; it was a result of environmental factors, without even pointing fingers at whatever part of the environment caused it.

The question is how you overcome those deficits. And that is going to be the question that businesses are going to ask when you say you have to do affirmative action for people who have various kinds of disabilities. Who is going to be expected to pick up the freight for that?

Ms. PIERCE. I think the disability movement is still in its early stages, much like the comparisons of the early sixties with civil rights. The problem with the disability community has been really not getting together all the groups, the groups that deal with blind people, the groups that deal with deaf people, the groups that deal with mobility impairments, people who are in wheelchairs, who are now starting to come together and realize they do have some power to make some changes.

Gallaudet University was a wonderful example of the young people there deciding it was really important for them to have a role model who was deaf to be the president of the university. That was sort of a shot in the arm for the disability community in general to see that they must come together and start working toward bringing more and more people into the workplace.

The population for disabled students in colleges has tripled today, in the last 5 years, because the disabled community realized that education is very important. And to get into the door, yes, is the first step, but to be able to have the experience and education to back that up, in order to say, "I want the right to have the opportunity to be qualified for a job and to be employed in that job" is really the second step. And I think the disabled community is really focusing on the importance of coming together with all the groups, the importance of education, and putting pressure on employers to bring about some changes in the workplace to make it more accessible.

Accommodations are very rare for most disabled people. You may have to have a hearing device on the telephone, which is certainly not expensive. Building ramps and putting elevators in buildings are expensive. But I think if you look at the general population—if I go into a building and I see a ramp, I use it, whether I need to or not. It's just something that's desirable. In fact, the laws do support new buildings now being accessible. If we can get employers to realize that this is important, it is convenient for everyone, I think we can change some of the history of not allowing people to have access to employment and to society in general and to public access to buildings.

It's going to take an effort, and I think the disabled community should probably join hands with women and minorities and enforce the regulations that we already have but encourage that we have new regulations like the Americans for Disabilities Act that gives everybody in the American community the same rights.

Commissioner Destro. What about, though, the lurking question within that, that some of these things are expensive. If we look at, for example—there are obviously differences. People with mental deficits, for example, didn't do anything wrong, but yet they were warehoused. Kids who did something wrong, whether out of youthful zeal or misguidedness have done something wrong; nevertheless, you can't just warehouse them forever and just leave them.

So the question becomes: How do we make recommendations? What kind of recommendations do you make that are going to say, "Okay, here are these people with these deficits. What are you going to do about it in a way that is consistent with the kind of generalized things that the Civil Rights Commission does?" Because this is really the thing that has been dividing the Commission. How do you cross over this gulf between kind of generalized social welfare policy and the traditional process, the equality and nondiscrimination model? That's the thing I think we're having trouble with.

Ms. Pierce. I wish I had the answer to all those questions, but I think that employers, even though there is some cost involved, must recognize the contributions that people can make. And our population—if you have read "Workforce 2000," you will see in 1990, and 2000 even more so, the population is going to change so much that we are going to have to depend on a variety of people in the community to contribute to the workplace. The population is going to be older. There are going to be fewer younger people coming into the workplace. We're going to have to take advantage of other resources.

And I think the disabled community, as I said earlier, is untapped. They are going to be able to provide a lot of interesting information, contributions, performances of jobs that we're going to have to rely on in order to meet the workplace demands.

Chairman Allen. Mr. Walker.

Mr. William Walker. Mr. Chairman, if I might try to respond to both Commissioner Friedman and Commissioner Destro.

Chairman Allen. By all means.

Mr. William Walker. I mentioned in my paper about the danger that I see of comparing the American-born black with various ethnic groups. We probably lack one thing, and that is kind of a reference point.

Vice Chairman Friedman. If you recall, I did use West Indians as part of that which could mean blacks.

Mr. William Walker. West Indians, even, can reflect back on West India and know that West Indians are presidents and they represent high levels of government. They've got a reference point.

Vice Chairman Friedman. You're right.

Mr. William Walker. I'm saying that we have been denied that model and that reference point. I'm born and bred in America, and I've never seen a black President and I don't see a black Senator. That's not true of a West Indian. That's not true of a black or any ethnic group that comes from their own nation. Italians know that there are some strong Italians in Italy, and Spanish people know there are some strong Spanish people in Spain. Germans the same way and English the same way. I don't have that. That has been denied me.

So I came differently under different circumstances, and that's why I was so clear to point out that I'm talking about the American-born black. I'm not talking about Harry Belafonte or Sidney Poitier or Whoopi Goldberg. I'm talking about blacks born in Birmingham, Alabama.

[Laughter.]

I must make a confession. I am a fiscally conservative black Republican. I probably don't sound like it, but that's what I am. And I believe in the work ethic very firmly, and I believe in America. And my concern is not so much about the victims anymore, because that's what we tell you, we do it because it's the right thing to do. That's not why we've got to do it now. We've got to do it because of what Pat is saying. And that is to save America. We cannot afford not to have these resources. We cannot afford not to have these hands working.

I am tired of clothing and feeding and providing health care and paying somebody to watch people in prison. It costs too much. I would much rather see them in the workplace. I get up and go to work, and I want to see them go to work, too. And I have to buy my own clothes and buy my own food, and I want to see that, too. And I don't think we can any longer afford to waste these resources.

But the main point I wanted to make was the fact that the black American is the only one really that doesn't have a frame of reference and some great people he can look back to and say, "Oh, we know about it, but you see you didn't include enough in your history." We know about some of the great black achievements that we've heard about in Africa and that kind of thing, but then we have South Africa blurring that for us—or southern Africa.

So we do need to make that difference and that delineation, Commissioner Friedman, I think, in order to do that.

We are handicapped, and I think we can overcome that handicap with some help, Commissioner Destro. We don't have to be permanently an underclass. Some of us will. Some white folks will too. There are always going to be some folks who are never going to make it. But I think our point is that disproportionate numbers of us aren't making it, and for some very artificial kinds of reasons. If we can strengthen the black family, first, the black male and strengthen the black family and stop the illegitimate children, stop making babies we can't support—but, you see, we got taught that when we were taken off the shores. You said, "You mate this boy with this girl," and some of us haven't given it up yet. Some of us still think we're supposed to mate with this girl. So try to understand where we come from and where we got it from.

CHAIRMAN ALLEN. I thank you all.

Any further questions from my colleagues?

Yes, Mr. Lewis.

MR. LEWIS. If I could just say one more thing.

CHAIRMAN ALLEN. Certainly.

MR. LEWIS. I think it is important to understand clearly that it is going to cost a tremendous amount of money to reverse this trend that we are seeing in this country of the underclass. I think that if we cut the defense budget in half and designate that half from the defense budget, we could definitely address the problem and come up with about 32.5 million more productive American citizens and deplete the population of residents in our prisons.

CHAIRMAN ALLEN. I must say, Mr. Lewis, if my earlier remarks led anyone to think I didn't think we should do something to resolve the problems of people who are referred to as in the underclass, that is a mistake. If Mr. Walker were to nominate me for Secretary of HHS instead of Secretary of Civil Rights, that would be a question I'd gladly talk about. I think there are ways to deal with that.

I'm not sure the way is to perpetuate their relationship to the rest of us, though. Ideally, I would pick up those pregnant teenagers and those criminals and I'd dump them in some land, hopefully virgin but if they have to contest with others let them contest the way once was done years ago here and let them forage, because I'm pretty sure they could do it. I wouldn't even be opposed to turning over the government of Atlanta or Harlem or New York City or Chicago to these people right now. I have a lot more confidence in them than most people seem to have. That's the point I'm trying to make. And unless we can discover that confidence in this so-called underclass, we can never help them whatever.

Mr. Lewis. I'm sure they have a lot of confidence in themselves, Mr. Chairman, but they need help. They need assistance. And we can do it, especially you.

Mr. Lee Walker. Take the handcuffs off—

Chairman Allen. They'll even figure a way out of those. They're great people.

Thank you all.

We will now close the forum and open our Commission meeting at 3 o'clock in this same room.

This session is adjourned.

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